

# 2015/16



# Annual report

## vol 1

31 July 2016

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## REVISED ANNUAL REPORT TEMPLATE

The purpose of this revised Annual Report template is to address the need expressed by a number of municipalities for assistance in the preparation and development of improved content and quality of Municipal Annual Reports. This template provides an update to the MFMA Circular No. 11, issued in January 2005.

This template gives effect to the legal framework requirement, concepts and principals espoused in the White Paper on Local Government and Improving Government Performance. It reflects the ethos of public accountability. The content gives effect to information required for better monitoring and evaluation of government programmes in support of policy decision making. The template provides an improved overview of municipal affairs by combining the performance report data required under Municipal Systems Act Section 46 with annual report data referred to in that Act and in the MFMA.

The revised template makes its contribution by forging linkages with the Integrated Development Plan, Service Delivery and Budget Implementation Plan, Budget Reforms, In-year Reports, Annual Financial Statements and Performance Management information in municipalities. This coverage and coherence is achieved by the use of interlocking processes and formats.

The revised template relates to the Medium Term Strategic Framework particularly through the IDP strategic objectives; cross cutting nature of services offered by different spheres of government, municipal service outcome indicators; and the contextual material as set out in Chapters 3, 4 & 5. It also provides information on good management practice in Chapter 4; risk management in Chapter 2; and Supply Chain Management in Chapter 5; and addresses the Auditor-General's Report, dealing with Financial and Performance Management arrangements in Chapter 6. This opens up greater possibilities for financial and non-financial comparisons between municipalities and improved value for money.

The revised template provides information on probity, including: anti-corruption strategies; disclosure of financial interests by officials and councillors; disclosure of grants by external parties, disclosure of loans and grants by municipalities. The appendices talk to greater detail including disaggregated information on municipal wards, among others. Notes are included throughout the format to assist the compiler to understand the various information requirements.

The financial years contained in this template are explained as follows:

- Year 2013/14: The previous financial year;
- Year 2014/15: The financial year of reporting;
- Year 1: The following year, mostly requires future targets; and
- The other financial years will follow a similar sequence as explained above.

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We wish to express our gratitude to the members of the Annual Report Reference Group, consisting of national, provincial and municipal officials for their inputs and support throughout the development of this document.

MFMA Implementation Unit, National Treasury July 2012



## CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

### COMPONENT A: MAYOR’S FOREWORD

#### MAYOR’S FOREWORD

##### **a. Vision:**

“To be a leading category B Municipality in the country.”

##### **Mission:**

To provide quality and sustainable basic services to our community, cost-effectively, in a manner that supports growth and development within our Municipality.

##### **b. Key Policy Developments:**

Our IDP development is based on Sector Departments alignment at Strategic level. Our Annual targets are highlighted in the chapters to follow. This is focusing on achieved outcomes. The municipality is trying to perform and achieve required level of service in a set level of Performance. The Municipality is implementing all of its MIG spending 100% and have received additional funding to implement further projects, from Treasury. All our new extensions are installed with basic municipal services such as water, sanitation, roads, electricity and refuse removal. The newly established township will be provided for in the next batch for the development of basic services infrastructure. Our Supply Chain unit is intact and running smooth in ensuring that our contract management system is improved. The Office of the Municipal Manager is constantly arranging Management meetings to resolve on critical matters as faced by the Municipality and its operations. The Council and its sittings are scheduled and sitting as required by Legislation, on a quarterly basis. A matter which is satisfactory

##### **c. Key Service Delivery Improvements:**

Our IDP and Budget consultation meetings gave us opportunity to listen to the community’s needs and we heard and acted on delivering the much needed services. The municipality has structured relationship with Sedibeng Water Board. The bi-monthly management meetings are scheduled to resolve on matters of common concerns including any queries on municipal payment and provision of quality and infrastructure maintenance. This engagement started in 2014/2015 financial The Municipality in conjunction with the Department of Water and Sanitation are currently implementing a Wolmaransstad Waste Water Treatment Plant to the tune of R 187 000 000 over a period of three years. It is anticipated that the project shall be completed in 2016/2017. The implementing Agent for this project is Sedibeng Water Board. Progress on the Upgrading of the Wolmaransstad Waste Water Treatment Works is at an advanced stage and earmarked for commissioning end of September 2016. The value of the works is R 187 million. The rural village of Boskuil was without electricity for about 4 months last year due to non-payment and illegal connections.

The Municipality went in and normalized the electricity network, installed prepaid electricity meters and now Eskom has reconnected them to the grid.

- . Completion of 2015/16 MIG Funded projects by December 2015 prompted National Treasury to grant the Municipality additional R30m which was used for the following projects;
- . Completion of 500 water connections and 500 sewer connections in Kgakala ext 6 and 7.
- . Upgrading of 1.7 km of gravel to paving blocks in Lebaleng
- . Upgrading of 1.3km of gravel to paving blocks in Tswelelang ext 4
- . Replacement of 400 dysfunctional water meters in Tswelelang and part of Wolmaransstad extensions.

The Municipality installed water reticulation and connections to the rural areas of Oersonkraal and Boskuil with the assistance of Provincial Infrastructure Grant.

#### **d. Public Participation:**

Our Municipality through the Office of the Mayor is implementing the following methods and processes to make the public aware of the programmes and projects to be undertaken by the Municipality for the year of planning:

1. Community consultations on the IDP inputs and needs of the community.
2. Setting of objectives, annual targets and priorities for the year through the IDP Representative Forum.
3. Consultations on the Municipal Budget drafting and inputs for all wards in the municipality.
4. Report backs are provided by the Ward Councillors on all matters cited above. The Mayor gives assistance in this regard.

#### **e. Future Actions:**

The Municipality is in the process of improving services and enhancing revenue through the following:

- Installation and retrofitting of streetlights with new technology.
- Cost containment in all Departments and Council spending.
- Improving the conditions of our roads, particularly in townships.
- Installation of new infrastructure in new and existing extensions.
- With the assistance of Sedibeng Water and National Water Affairs the long-standing challenge of insufficient Bulk Water Supply to the Municipality will be resolved as Funding was approved for the project and currently procurement processes are underway. This will pave way for the development of Wolmaransstad extension 17 as this was put on ice pending the Bulk Water Supply upgrade

#### **f. Agreements / Partnerships:**

The Municipality and the National Treasury entered into an agreement to support the Municipality with the Financial Advisor (FA). The FA is constantly advising the municipality in all aspects of financial management.

#### **g. Conclusion:**

We maintained a qualified Audit Opinion with much improvement on matters raised by the Auditor General, as the Mayor I would like to thank of all Councillors, hard work of all Officials but most importantly the tenacity of senior Management of Maquassi-Hills Local Municipality. We are certainly looking forward to a great year ahead.

Signed by: \_\_\_\_\_

Mayor

*T 1.0.1*

## COMPONENT B: EXECUTIVE SUMMARY

### 1.1. MUNICIPAL MANAGER'S OVERVIEW

#### MUNICIPAL MANAGER'S OVERVIEW

Maquassi Hills Local Municipality is one of the Municipalities in the Province to have improved in the audit outcome opinion. For the past thirteen years the Municipality received a Disclaimer of opinion from the Auditor-General South Africa. During the 2015/2016 audit, the Maquassi Hills Local Municipality received a Qualified Audit opinion.

In general the service delivery level has improved over the years compared to previous years where we experienced service delivery protest from members of the community. The financial state of the Municipality is gradually improving. The one factor we still are pursuing is on debt recovery, a measure we hope to resolve in 2016/2017 moving forward. Water and electricity are the two main sources of our income and we must do everything in our power to conserve. In all our premises we try to encourage all employees to switch off the lights when not in office, to report water leakages and sewer blockages. The Municipality has been awarded an accolade for 100% spending of Municipal Infrastructure Grant (MIG) by the Department of Local Government and Human Settlement. We are one of the three municipalities in the Province to have spent 100% of Municipal Infrastructure Grant and we also received an award for best improvement in PMU performance, in terms of implementation of projects and reporting.

The Municipality has during the year introduced and revised the following policies to ensure that we keep up with our financial precarious situation:

- Rates by-law
- Credit and Debt collection Policy

The Municipality has entered into a shared service arrangement for Audit Committee and internal audit unit with the Dr Kenneth Kaunda District Municipality. The Municipality/Council has agreed to the shared service model to be implemented at the District.

*T 1.1.1*

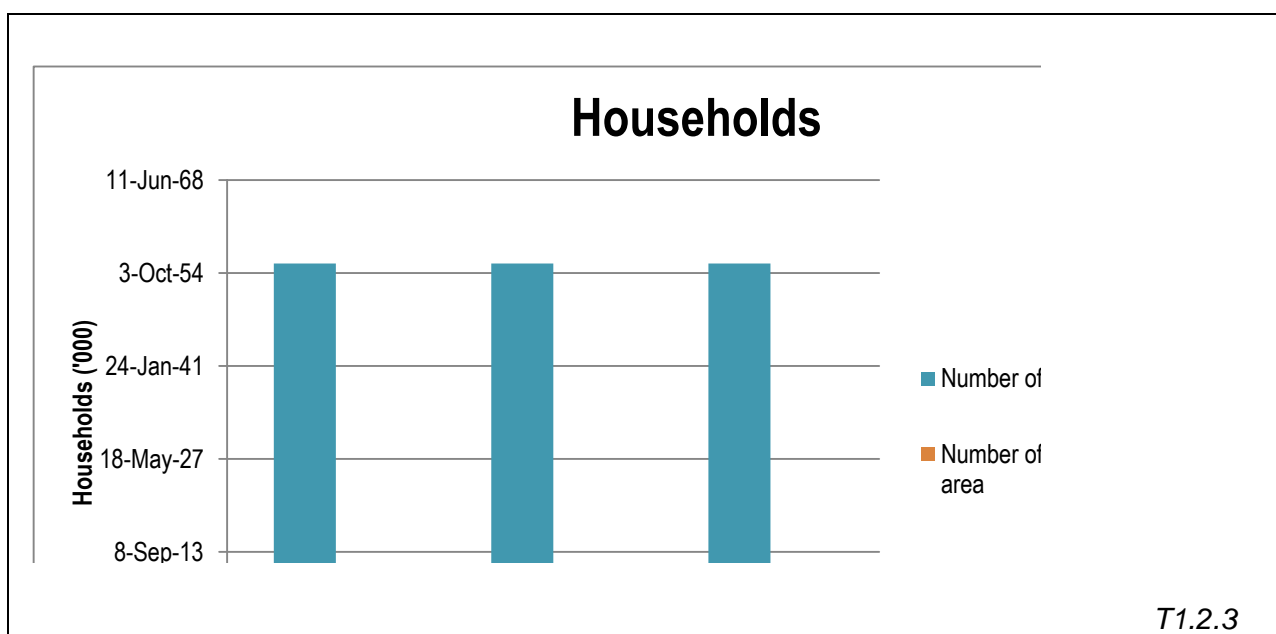
### 1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

#### INTRODUCTION TO BACKGROUND DATA

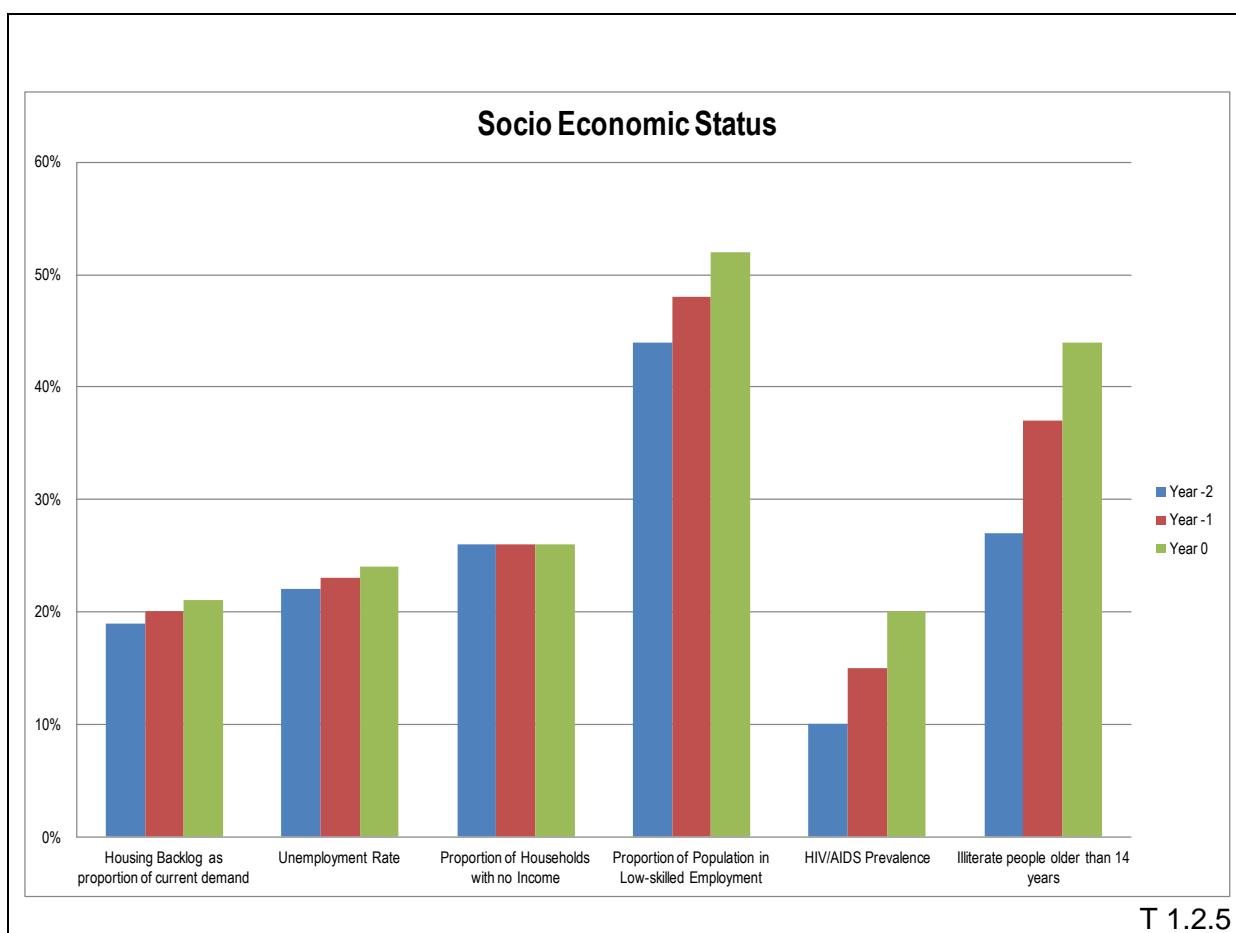
Our data is sourced in-house, from Government Departments and we also use secondary information from Institutions like Stats SA and private service providers.

*T 1.2.1*

Population Details									
Age	Year 2012/13			Year 2013/14			Year 2014/15		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Age: 0 – 4	3092	3062	6154	3192	3425	6617	4949	4794	9743
Age: 5 – 9	3840	3829	7669	3579	3388	6967	4407	4297	8704
Age: 10 – 19	7619	7766	15385	8106	8358	16464	7114	7005	14119
Age: 20 – 29	5210	5734	10944	6258	6586	12844	12844	7146	19990
Age: 30 – 39	3642	3947	7589	4754	4851	9605	5180	5091	10271
Age: 40 – 49	2636	2638	5274	3504	3570	7074	4005	4175	8180
Age: 50 – 59	1736	1819	3555	2240	2208	4448	3155	3138	6293
Age: 60 – 69	1096	1240	2336	1297	1546	2843	1716	1915	3631
Age: 70+	749	906	1655	887	1286	2173	1009	1503	2512
Source: Statistics SA									T
1.2.2									



Socio Economic Status						
Year	Housing Backlog as proportion of current demand	Unemployment Rate	Proportion of Households with no Income	Proportion of Population in Low-skilled Employment	HIV/AIDS Prevalence	Illiterate people older than 14 years
Year 2012/13	19%	22%	26%	44%	10%	27%
Year 2013/14	20%	23%	26%	48%	15%	37%
Year 2014/15	21%	24%	26%	52%	20%	44%
Year 2015/2016	21%	24%	26%	52%	20%	44%
T 1.2.4						



Overview of Neighbourhoods within Maquassi-Hills Local Municipality		
Settlement Type	Households	Population
<b>Towns</b>		
Wolmaransstad	860	2944
Makwassie	445	1988
Witpoort	91	1551
Leeudoringstad	573	319
Sub-Total	1969	6802
<b>Townships</b>		
Tswelelang	7665	26828
Kgakala	3142	9590
Lebaleng	2740	10998
Rulaganyang	348	1218
Sub-Total	13895	48634
<b>Rural settlements</b>		
Boskuil	312	1092
Oersonskraal	133	466
Klip-kuil	7	25
Kareepan	52	182
Sub-total	504	1765
<b>Informal settlements</b>		
Tswelelang	1800	6300
Lebaleng	150	525
Rulaganyang	70	245
Kgakala	120	420
Total	18508	57201
T 1.2.6		

Natural Resources	
Major Natural Resource	Relevance to Community
Rivers and Streams	irrigation and recreation purposes
Witpoort Dam	recreation and drinking hole for animals
T 1.2.7	

#### COMMENT ON BACKGROUND DATA:

Wolmaransstad is currently experiencing a serious population growth due to high Urbanisation rate, but other areas are also steadily growing.

*T 1.2.8*

### 1.3. SERVICE DELIVERY OVERVIEW

#### SERVICE DELIVERY INTRODUCTION

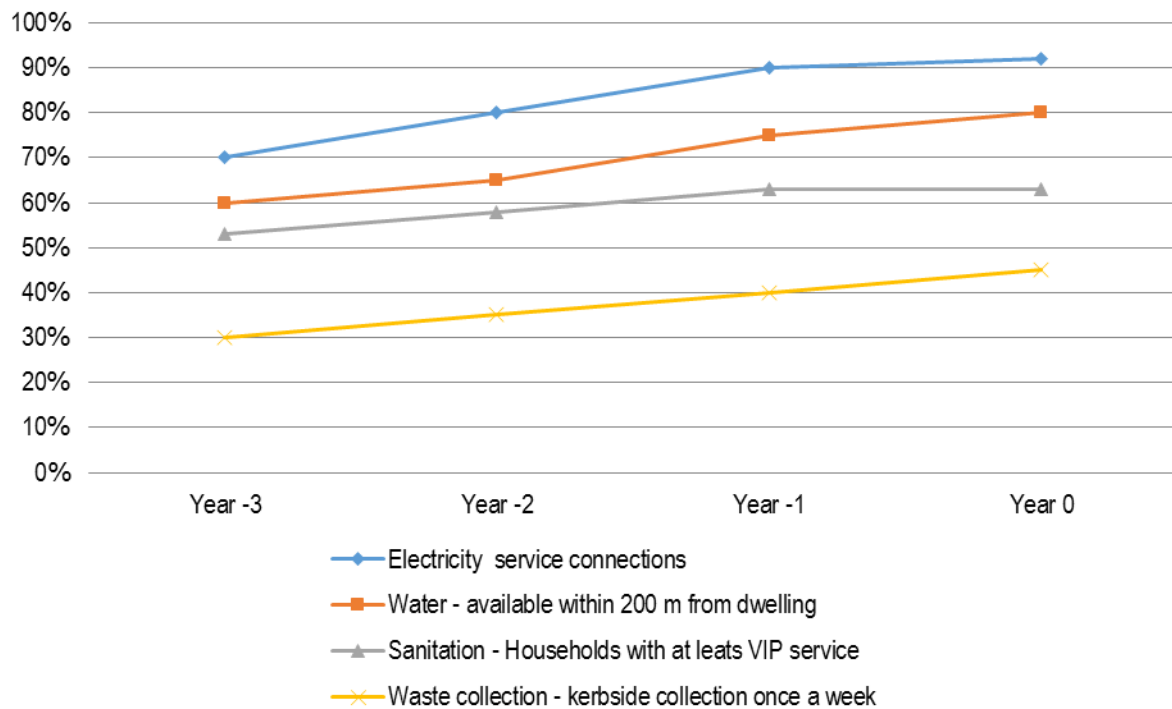
Maquassi Hills Local Municipality is a category B municipality and is responsible to fulfil the following executive obligations: water reticulation, electricity reticulation, roads and storm water, refuse removal, sanitation and recreation, during this financial year there were capital projects rolled out which aimed at fulfilling the latter executive obligations. The projects will be detailed in various Capital projects in this report

*T 1.3.1*

Proportion of Households with minimum level of Basic services				
	Year -3	Year -2	Year 1	Year 0
Electricity service connections	80%	90%	92%	92%
Water - available within 200 m from dwelling	65%	75%	80%	80%
Sanitation - Households with at least VIP service	58%	63%	63%	62%
Waste collection - kerbside collection once a week	35%	40%	45%	43%



## Proportion of households with access to basic services



T1.3.2

### COMMENT ON ACCESS TO BASIC SERVICES:

Our communities have access to basic services in both formal and informal settlements. We provided temporary arrangements for water and sanitation in all our informal settlements. The indigent households are encouraged to apply for relief.

T 1.3.3

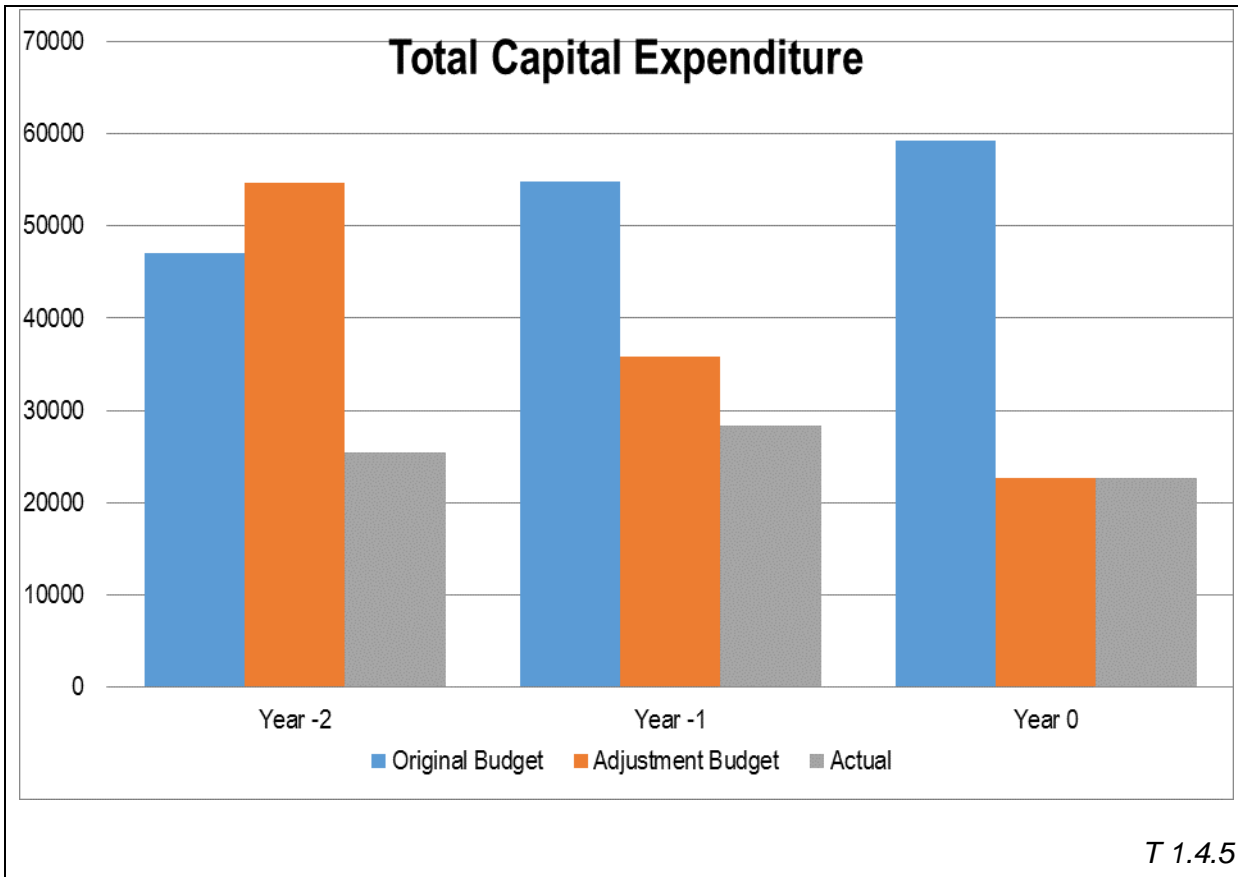
#### 1.4. FINANCIAL HEALTH OVERVIEW

##### FINANCIAL OVERVIEW

The financial sustainability of the municipality has been a major challenges as a result of low payment rate for municipal services. Nevertheless, some of the challenges such as lack of by-laws for both Credit Control Policies and Rates Policies have been adequately addressed although some disputes were still not resolved regarding the property rates for farmers. Additional staff has been appointed and some critical positions filled which will enhance our ability to implement policies and legislation for compliance purpose i.e. SCM. The municipality started the installation of prepaid electricity meters to further enhance our collection rate and recover outstanding debt

Operating Ratios	
Detail	%
Employee Cost	21.33%
Repairs & Maintenance	3..94%
Finance Charges & Impairment	19.35%
	T 1.4.3

Total Capital Expenditure: Year -2 to Year 0			
			R'000
Detail	Year -2	Year -1	Year 0
Original Budget	47031	54850	59216
Adjustment Budget	54618	35790	22704
Actual	25512	28320	22704
			T 1.4.4



#### COMMENT ON CAPITAL EXPENDITURE:

There were minimal variances as far as the capital expenditure is concerned

*T 1.4.5.1*

### 1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

#### ORGANISATIONAL DEVELOPMENT PERFORMANCE

In relation to organisational development, the municipality the institutional transformation component. It is largely comprises of key performance areas such as training and development, employment equity, recruitment an selection/ manpower planning, policies and occupational health and safety

*T 1.5.1*

### 1.6. AUDITOR GENERAL REPORT

#### AUDITOR GENERAL REPORT: YEAR 2015/16 (CURRENT YEAR)

The outcome of the audit report is a “qualified” audit opinion for the 2015/2016 financial year with a great deal of improvement.

*T 1.6.1*

## 1.7. STATUTORY ANNUAL REPORT PROCESS

No	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year	
4	Submit draft year 2014/15 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September - October
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	December
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	January
T 1.7.1		

#### COMMENT ON THE ANNUAL REPORT PROCESS:

The annual report was developed with the information collected different thematic areas, Service Delivery and Infrastructure, financial viability, organisational development and institutional transformation, governance and community participation. The information used was to demonstrate the achievements as set out in the Integrated Development Plan and Municipal Budget. It is important to highlight such achievements in the annual report because it is a tool in which the community can measure our performance against their needs. In doing that, a clear link of what the community expected is reflected through IDP and find its expression in the budget. The annual performance plays a crucial role in measuring the performance on an annual basis and also to account to the community

*T 1.7.1.1*

## CHAPTER 2 – GOVERNANCE

### INTRODUCTION TO GOVERNANCE

All systems are in place but we need to strengthen the oversight role by reviving the MPAC and the Shared Internal Audit to ensure total compliance.

*T 2.0.1*

## COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

### INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

Administration is implementing resolutions crafted by political principals in council who also play an oversight role through delegated structures.

*T 2.1.0*

## 2.1 POLITICAL GOVERNANCE

### INTRODUCTION TO POLITICAL GOVERNANCE

All department are now fully functional and there is proper political leadership. Council is intact and fully functional. There is relative stability and the Municipality is gearing towards the right direction with constant improvement.

*T 2.1.1*

## POLITICAL STRUCTURE

Function

### MAYOR

Victoria Kgabi



### SPEAKER

O.S Duffy



### CHIEF WHIP

T.S Selete



### MAYORAL COMMITTEE/ EXECUTIVE COMMITTEE

D. van Zyl

T.S Selete

K.G Kgabi

M. Matete



T 2.1.1

#### COUNCILLORS

The municipality is a category B municipality with 21 Councillors, 17 ANC, 3 DA and 1 COPE. It consist of 4 Exco, Members with Mayor as the Head \and the Speaker as the Head of Council. It comprises of 4 Portfolios, i.e., Corporate, Engineering, Finance and Community services

T 2.1.2

#### POLITICAL DECISION-TAKING

The decision making process starts with management taking decisions that resided within its mandate. And escalate those which must be adopted thorough Portfolio Committees and Exco. Ordinary Council meetings ( ) Special Council meetings (28), Ordinary Exco (44) and Special Exco 12).

T 2.1.3

## 2.2 ADMINISTRATIVE GOVERNANCE

### INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The Municipal Manager accounts for all the resolution as he forms part of the meeting of management, Portfolio, Exco and Council where he gives advices. In an event that the Council takes a resolution which is inconsistent with the laws, then Accounting Officer advices and notes the advice in minutes.

T 2.2.1

	TOP ADMINISTRATIVE STRUCTURE	Function
<i>Directors</i>	<b>TIER 1</b>	
	<b>MUNICIPAL MANAGER</b>	
	I.R Jonas	
		
	<b>ACTING DIRECTOR: FINANCE</b>	
	Mr. J Molefe	
	<b>ACTING DIRECTOR: ENGINEERING SERVICES</b>	
	Mr. N Mwase	
	<b>DIRECTOR: CORPORATE SERVICES</b>	
	Mr. S. Lehloenya	
	<b>ACTING DIRECTOR: Community Services</b>	
	Mr J Leseisane	

T2.2.2

The positions of MM and Director Corporate Services are filled. Positions of Director Community and Director Engineering remain vacant but we have Mr Leseisane and Mr Mwase acting in these positions.

## COMPONENT B: INTERGOVERNMENTAL RELATIONS

### INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

The municipality is part of various Intergovernmental Relations Forums, such as Premier Coordinating Committee, MM Forum, District IGR and CFO Forum.

*T 2.3.0*

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## 2.3 INTERGOVERNMENTAL RELATIONS

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### NATIONAL INTERGOVERNMENTAL STRUCTURES

The municipality is part of various Intergovernmental Relations Forums, such as Premier Coordinating Committee, MM Forum, District IGR and CFO Forum.

*T 2.3.1*

### PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The municipality is part of different provincial intergovernmental forums. These ranges from political and administration forum. In terms of the political we have Premier Coordination Committee and for administration we have MM, CFO, HR/LR, and SDF Forums. These forums are important because there is a constant networking and learning of best practices from other counterparts

*T 2.3.2*

### RELATIONSHIPS WITH MUNICIPAL ENTITIES

*T 2.3.3*

### DISTRICT INTERGOVERNMENTAL STRUCTURES

District SDF Forum, Corporate Director Forum, District HR Forum., District CFO Forum. The interventions are very helpful in that there is a sharing of best practices. There is also financial interventions that are done through these initiatives.

*T 2.3.4*

## COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

### OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

Community participation is normally done by the Mayor and ward Councillors during the process of developing IDP and Budget. Communities are called to make inputs on issues relating to services and tariffs.

*T 2.4.0*

## 2.4 PUBLIC MEETINGS

### COMMUNICATION, PARTICIPATION AND FORUMS

The mechanism used to enhance community participation are Mayoral Consultative meetings and ward meetings. There is no municipal website and surveys.

*T 2.4.1*

### WARD COMMITTEES

Ward committees coordinates ward meetings and do ward profiling. They are also categorized into different social aspects, .i.e., health, education and sports.

*T 2.4.2*

Public Meetings						
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
WARD 1 IDP REVIEW MEETING	22/11/2014	1 ONE	1	101	YES	NONE
WARD 2 IDP COSULTATIVE MEETING	29/01/2015	1 ONE	1	108	YES	NONE
WARD 4 IDP COSULTATIVE MEETING	20/01/2015	1 ONE	2	91	YES	
WARD 5 IDP COSULTATIVE MEETING	25/11/2014	1 ONE	2	34	NONE	
						NONE
WARD 6 IDP COSULTATIVE MEETING	30/09/2014	1 ONE	1	98	YES	
WARD 7 IDP COSULTATIVE MEETING	14/01/2015	1 ONE	3	128	YES	
						NONE
WARD 8 IDP CONSULTATIVE MEETING	21/01/2015	1 ONE	2	371	YES	
WARD 9 IDP COSULTATIVE METTING	02/01/2015	1 ONE	1	77	YES	
WARD 10 IDP CONSULTATIVE MEETING	27/11/2014	1 ONE	1	114	NONE	
						NONE
WARD 11 IDP CONSULTATIVE MEETING	06/01/2015	1 ONE	1	127	NONE	
T 2.4.3						

**COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:**

The municipality benefits in such a way that it is able to understand the needs analysis and enables them to plan in accordance with the needs of the people. The community on the other hand is able to understand and interact with the municipal expectation and have first-hand information that will enable them to have meaningful contributions towards their own development.

*T 2.4.3.1*

## **2.5 IDP PARTICIPATION AND ALIGNMENT**

<b>IDP Participation and Alignment Criteria*</b>	<b>Yes/No</b>
Does the municipality have impact, outcome, input, output indicators?	yes
Does the IDP have priorities, objectives, KPIs, development strategies?	yes
Does the IDP have multi-year targets?	yes
Are the above aligned and can they calculate into a score?	yes
Does the budget align directly to the KPIs in the strategic plan?	no
Do the IDP KPIs align to the Section 57 Managers	yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	no
Were the indicators communicated to the public?	no
Were the four quarter aligned reports submitted within stipulated time frames?	no
<i>T2.5.1</i>	

## COMPONENT D: CORPORATE GOVERNANCE

### OVERVIEW OF CORPORATE GOVERNANCE

The Municipality is cooperating with other spheres of Government through the Intergovernmental Relations Fora, at the District, Mayors' IGR Forum, MM's Forum, CFO's Forum and the District IGR Forum. The Municipality cooperates fairly well with sister Departments in various matters of concern to the Municipality in developmental areas. The support provided by both the Province and National spheres of Government is always accepted. Our Municipality has recently accepted the following assistance by the Provincial Treasury and National Treasury; Acting CFO to assist with Audit and National Treasury assisted with the placement of a Financial Advisor for a period of eighteen months.

*T 2.6.0*

## 2.6 RISK MANAGEMENT

### RISK MANAGEMENT

We have Risk Assessment Report done by Provincial Treasury but we don't have provision in the structure for Risk Management Officer. We can still improve in this aspect.

*T 2.6.1*

## 2.7 ANTI-CORRUPTION AND FRAUD

### FRAUD AND ANTI-CORRUPTION STRATEGY

We have Whistleblowing, Fraud and Anti-Corruption Policies in place.

*T 2.7.1*



## 2.8 SUPPLY CHAIN MANAGEMENT

### OVERVIEW SUPPLY CHAIN MANAGEMENT

Supply Chain Management activities are governed by various pieces of legislation which among others include PPPFA, MFMA, BBBEE, Municipal Supply Chain Management Regulations and CIDB Act. Compliance to the Acts is of outmost importance in order to ensure that the municipality has a procurement system that is fair, transparent, effective and economical.

*T 2.8.1*

## 2.9 BY-LAWS

By-laws Introduced during Year 0					
Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication
SPLUMA BY-LAW	NEW	YES	22-Jan-16	NO	n/a

*T 2.9.1*

### COMMENT ON BY-LAWS:

Note: MSA 2000 s11 (3) (m) provides municipal councils with the legislative authority to pass and implement by-laws for the betterment of the community within the terms of the legislation. SLUMA BY- LAW is not promulgated as we are still waiting for funding from the department of Rural Development and Land Reform.

*T 2.9.1.1*

## 2.10 WEBSITES

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	Yes	July 2014
All current budget-related policies	No	
The previous annual report (Year 2013/14)	No	
The annual report (Year 2014/15) published/to be published	No	
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 2014/15) and resulting scorecards	No	
All service delivery agreements (Year 2014/15)	No	
All long-term borrowing contracts (Year 2014/15)	No	
All supply chain management contracts above a prescribed value (give value) for Year 2014/15	No	
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	No	
Contracts agreed in Year 2014/15 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No	
Public-private partnership agreements referred to in section 120 made in Year 2014/15	No	
All quarterly reports tabled in the council in terms of section 52 (d) during Year 2014/15	No	
T 2.10.1		

### COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

The requirements for Municipal websites is set out in MFMA section 75.

The municipality does not have a website. The domain was cancelled after a period of 2 years in 2014.

Provision is made in the 2016/2017 budget for the procurement of a service provider to design and host a new website on a 3 year contract. MSIG will be utilized to fund the website.

T 2.10.1.1

## 2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

### PUBLIC SATISFACTION LEVELS

No public satisfaction surveys were undertaken during the year under review.

T 2.11.1

Satisfaction Surveys Undertaken during: Year -1 and Year 0				
Subject matter of survey	Survey method	Survey date	No. of people included in survey	Survey results indicating satisfaction or better (%)*
<b>Overall satisfaction with:</b>	none	none	none	none
(a) Municipality				
(b) Municipal Service Delivery	none	none	none	none
(c) Mayor				
<b>Satisfaction with:</b>				
(a) Refuse Collection	none	none	none	none
(b) Road Maintenance	none	none	none	none
(c) Electricity Supply	none			
(d) Water Supply	none			
(e) Information supplied by municipality to the public	none	none	none	none
(f) Opportunities for consultation on municipal affairs	none	none	none	none
<b>Not Conducted.</b>				T 2.11.2

Concerning T 2.11.2:

No public satisfaction surveys were undertaken during the year under review.

T 2.11.2.1

### COMMENT ON SATISFACTION LEVELS:

No public satisfaction surveys were undertaken during the year under review 2.11.2.2

## CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

### INTRODUCTION

Service delivery in terms of the Constitution of the Republic of South Africa, Schedule 4, and Part B determines the functions of the municipality and therefore its responsibility towards the community. In terms of the IDP and the strategic objectives of the Maquassi Hills Local Municipality, certain issues are set out to be achieved during the financial year.

*T 3.0.1*

### COMPONENT A: BASIC SERVICES

This component includes: water; waste water (sanitation); electricity; waste management; and housing services; and a summary of free basic services.

#### INTRODUCTION TO BASIC SERVICES

As per the constitutional mandate the Municipality is providing all basic services ranging from water, sanitation, electricity and waste management, roads and those who can't afford all these services, are granted free basic services that is 6kl water and 50kwh electricity per month once they are registered as Indigents.

*T 3.1.0*

### 3.1. WATER PROVISION

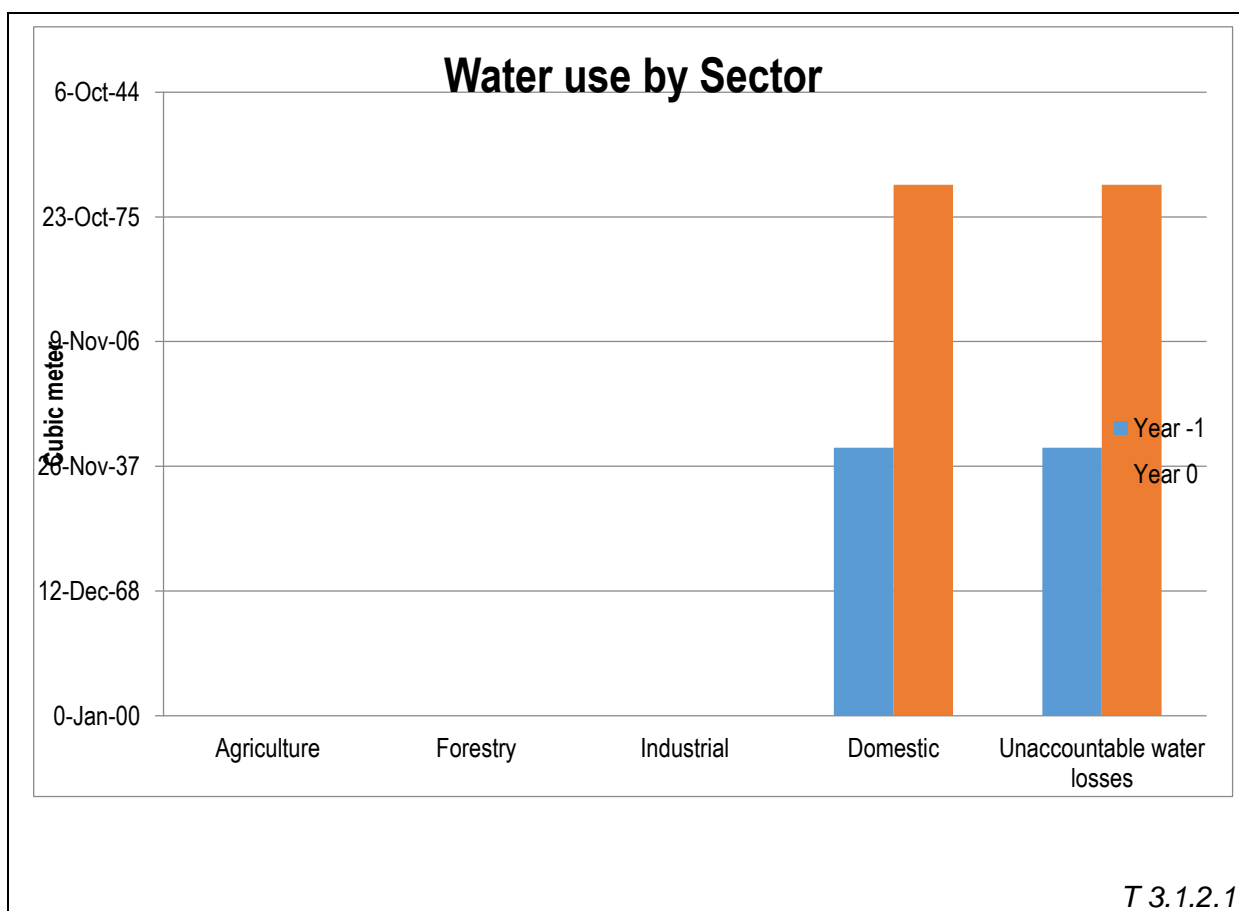
#### INTRODUCTION TO WATER PROVISION

*Note: Recent legislation includes the Water Services Act 1997 and the General Enabling Act 2005*

Municipality strives to meet the basic water demand by all consumers as much as possible. These are applicable to both formal and informal settlement. The Municipality notes that the current water demand is unrealistically high due to the high water losses in the system and population growth. The Water Loss is estimated at approximately 40%.

*T 3.1.1*

Total Use of Water by Sector (cubic meters)					
	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
Year -1	0	0	0	1 074 174	1 074 174
Year 0	0	0	0	2 128 458	2 128 458
					<i>T 3.1.2</i>



#### COMMENT ON WATER USE BY SECTOR:

Forestry, Industrial and Agricultural Sectors rely mainly on Borehole water and our water caters for household use.

The capacity of the pipeline from Buisfontein to Tswelelang is inadequate to cater for the ever-growing demand for water in Maquassi Hills Local Municipality. This challenge will however be resolved through Sedibeng Water who are currently upgrading the said pipeline from Buisfontein to Tswelelang and at the same time constructing a new Reservoir next to the existing one at Buisfontein.

The challenge of Water Conservation and Water Demand Management is currently being addressed through the Accelerated Community Infrastructure Programme (ACIP).

*T 3.1.2.2*

Water Services Delivery Levels: Households				
Description	Year -3	Year -2	Year -1	Year 0
	Actual No.	Actual No.	Actual No.	Actual No.
<b><u>Water: (above min level)</u></b>				
Piped water inside dwelling	2,626	2,635	2,649	2,655
Piped water inside yard (but not in dwelling)	13,278	14,337	14,323	13,969
Using public tap (within 200m from dwelling )	–	–	–	580
Other water supply (within 200m)				
<i>Minimum Service Level and Above sub-total</i>	15,904	16,972	16,972	17,204
<i>Minimum Service Level and Above Percentage</i>	100%	100%	100%	100%
<b><u>Water: (below min level)</u></b>				
Using public tap (more than 200m from dwelling)	–	–	–	–
Other water supply (more than 200m from dwelling)	–	–	–	–
No water supply				
<i>Below Minimum Service Level sub-total</i>	–	–	–	–
<i>Below Minimum Service Level Percentage</i>	0%	0%	0%	0%
<b>Total number of households*</b>	<b>15,904</b>	<b>16,972</b>	<b>16,972</b>	<b>17,204</b>
* - To include informal settlements				T 3.1.3

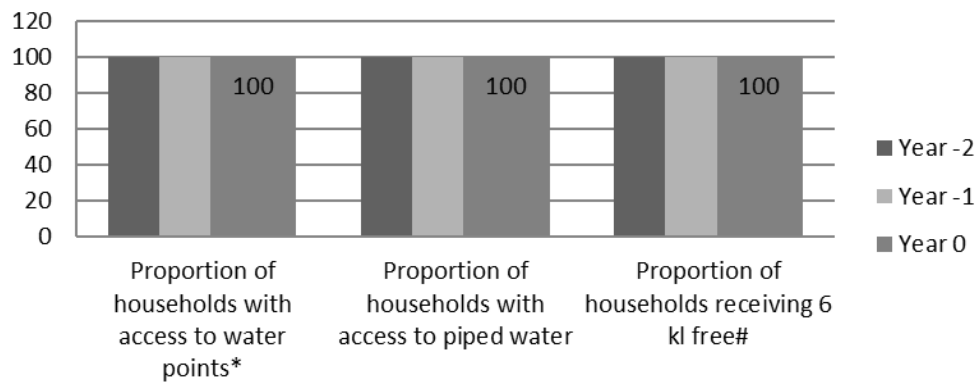
Households - Water Service Delivery Levels below the minimum						Households
Description	Year -3	Year 2013/14	Year 2014/15	Year 2015/16		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
<b>Formal Settlements</b>						
Total households	0	0	0	0	0	0
Households below minimum service level	0	0	0	0	0	0
Proportion of households below minimum service level	0	0	0	0	0	0
<b>Informal Settlements</b>						
Total households	497	497	497	497	497	2 500
Households below minimum service level	497	497	497	497	497	2 500
Proportion of households below minimum service level	100%	100%	100%	100%	100%	100%
						<i>T 3.1.4</i>

#### Access to Water

Access to Water			
	Proportion of households with access to water points*	Proportion of households with access to piped water	Proportion of households receiving 6 kl free#
Year 2013/14	100%	100%	100%
Year 2014/15	100%	100%	100%
Year 2015/16	100%	100%	100%
			<i>T 3.1.5</i>



## Access to Water



T 3.1.5

Water Service Policy Objectives Taken From IDP									
Service Objectives   <i>Service Indicators</i> (i)	Outline Service Targets  (ii)	Year 2013/14		Year 2014/15			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective									
<i>Households without minimum water supply</i>	580	0	0	0	580	580	0	0	0
<i>Improve reliability of water supply</i>	4 642	0	0	0	4 642	4 642	0	0	0
<i>Improve water conservation</i>	400	0	0	0	400	398	0	0	0
T 3.1.6									

Employees: Water Services					
Job Level	Year 2013/14	Year 2015/16			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	2	2	0	0%
4 - 6	0	0	0	0	0%
7 - 9	2	2	2	0	0%
10 - 12	4	4	4	0	0%
13 - 15	0	0	0	0	0%
16 - 18	26	26	25	1	4%
19 - 20	0	0	0	0	0%
Total	34	34	33	1	0%
					T3.1.7

Financial Performance Year 2015/16: Water Services					
					R'000
Details	Year 2014/15	Year 2015/16			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	51,742	55,415	55,504	54,931	-1%
Expenditure:					
Employees	4,648	6,312	5,852	5,970	-6%
Repairs and Maintenance	246	1,675	1,819	668	-151%
Other	38,002	49,722	49,308	49,989	1%
Total Operational Expenditure	42,897	57,709	56,979	56,627	-2%
Net Operational Expenditure	(8,846)	2,294	1,476	1,696	-35%
					T 3.1.8

Capital Expenditure Year 0: Water Services 000 R'					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	9 140 912.00	19 615 063.00	15 281 824.00	4 333 239.00	20 615 063.00
Construction of water reticulation in Kgakala for 500 stands	7 140 912.00	18 615 063	14 281 824.00	4 333 239.00	18 615 063.00
Replacement of dysfunctional water meters	2 000 000.00	1 000 000.00	1 000 000.00	1000 000 00	2 000 000
					T3.1.9

#### COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

The Municipality notes the high water losses experienced due to the following factors:

- i. Technical - losses from cisterns, leaking taps, water meters, dilapidated asbestos pipes in the towns, dysfunctional water meters
- ii. Financial - losses due to incorrect meter readings and non-billing of some of the areas where new water meters have been installed
- iii. Social - General misuse of water due to lack of proper education and awareness on the scarcity of water and its value

The following solutions are being pursued in an attempt to alleviate the above mentioned challenges:

- i. The Municipality recruited 150 participants through the War on Leaks programme run by DWS to be trained and work in the community as plumbers and fix the identified leaks in the Municipal area. This programme will run for the next 3 years.
- ii. Pilot programme initiated by Municipality with the intention of rolling out Municipality – wide in case of success of the pilot. See Annexure B for the Pilot Programme Contract.
- iii. On the Social issues the new Councillors, ward committee members and community development workers etc. will be inducted to carry out water saving campaigns in their individual wards.

*T 3.1.10*

## 3.2 WASTE WATER (SANITATION) PROVISION

### INTRODUCTION TO SANITATION PROVISION

Municipality strives to meet all the consumers basic waste water requirements as much as possible. Most of the maintenance queries attended to seem to be due to lack of education and/ or campaigns as most blockages are caused by dumping of rags, rocks and other debris in the sewerage systems by the consumers.

In the town of Mkwassie/ Lebaleng the Municipality replaced the standard manholes with lockable ones to prevent the dumping of foreign objects in the sewerage systems.

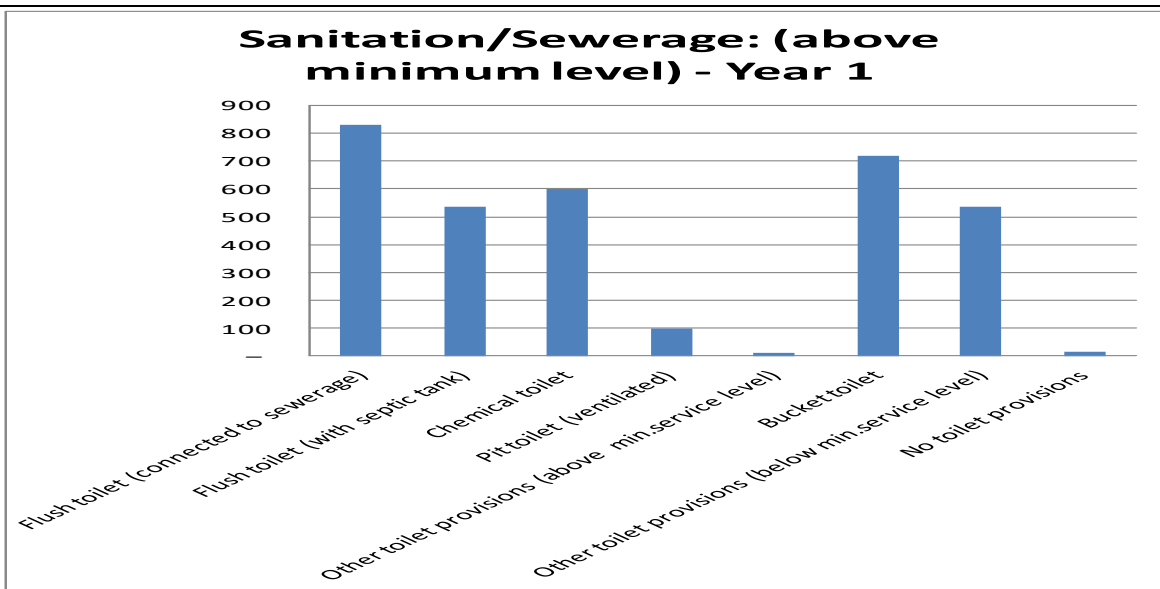
The Municipality is not achieving satisfactory results in the green drop status as defined by the Water Affairs department as the 2 main Waste Treatment Works are currently overloaded biologically by more than 80%. The Municipality is currently upgrading the Wolmaransstad Waste Treatment Works to cater for current and future demands. This is a multi year project funded through the Regional Bulk Infrastructure Grant (RBIG).

The municipality applied for funding to install water and sewerage reticulation in Boskuil and Oersonskraal. R 20m was approved for 2015/2016. This idea was abandoned due to the inadequacy of the yield from the boreholes explored in the area. As a result the Municipality proposed that the current technology of VIP toilets be maintained.

The lack of sewerage reticulation in Mkwassie town was also an area of major concern due to the Municipality not keeping up with the logistics of emptying the Septic tanks. In this area the Municipality accessed funding from the Provincial Government through the Provincial Infrastructure Grant (PIG) and the Designs were paid in the last financial year.

Internal and external bulk sanitation is also provided for by the Municipality prior to construction of low cost housing.

*T 3.2.1*

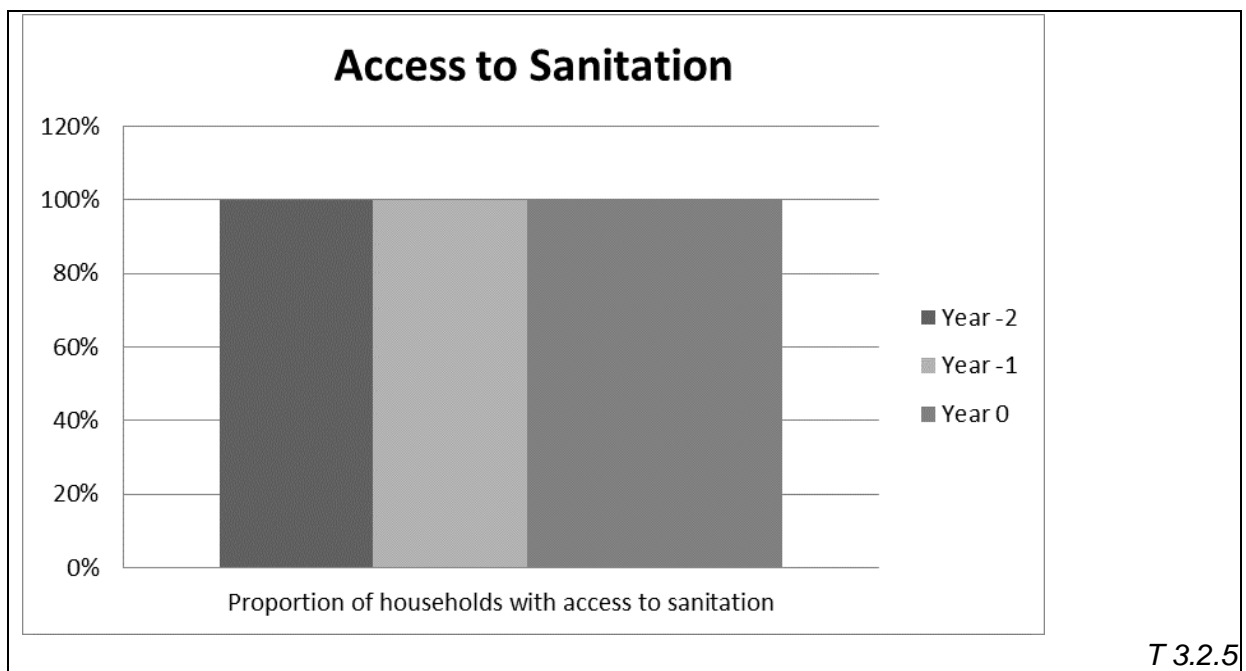


T 3.2.2

Sanitation Service Delivery Levels				
Description	*Households			
	Year -3	Year 2013/14	Year 2014/15	Year 2015/16
	Outcome No.	Outcome No.	Outcome No.	Actual No.
<b><u>Sanitation/sewerage: (above minimum level)</u></b>				
Flush toilet (connected to sewerage)	15704	16772	16772	16424
Flush toilet (with septic tank)	200	200	200	200
Chemical toilet	0	0	0	0
Pit toilet (ventilated)	0	0	0	0
Other toilet provisions (above min.service level)	0	0	0	0
<i>Minimum Service Level and Above sub-total</i>	15904	16972	16972	16624
<i>Minimum Service Level and Above Percentage</i>	100.0%	100.0%	100.0%	96.63%
<b><u>Sanitation/sewerage: (below minimum level)</u></b>				
Bucket toilet	0	0	0	0
Other toilet provisions (below min.service level)	0	0	0	0
No toilet provisions	0	0	0	580
<i>Below Minimum Service Level sub-total</i>	0	0	0	580
<i>Below Minimum Service Level Percentage</i>	0.0%	0.0%	0.0%	3.4%
<b>Total households</b>	<b>15904</b>	<b>16972</b>	<b>16972</b>	<b>17204</b>

T 3.2.3

Households - Sanitation Service Delivery Levels below the minimum						
Description	Year -3	Year 2013/14	Year 2014/15	Year 2015/16		
	Actual	Actual	Actual	Original	Adjusted	Actual
	No.	No.	No.	Budget No.	Budget No.	No.
<b>Formal Settlements</b>						
Total households	0	0	0	0	0	0
Households below minimum service level	0	0	0	0	0	0
Proportion of households below minimum service level	0%	0%	0%	0%	0%	0%
<b>Informal Settlements</b>						
Total households	497	497	497	497	497	497
Households below minimum service level	497	497	497	497	497	497
Proportion of households below minimum service level	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
T 3.2.4						





### ***Access To Sanitation***

<b>Access to Sanitation</b>	
	<b>Proportion of households with access to sanitation</b>
Year 2013/2014	100%
Year 2014/2015	100%
Year 2015/2016	100%

Waste Water (Sanitation) Service Policy Taken From IDP									
Service Objective  Service indicators (i)	Outline Service Targets  (iii)	Year 2014/15		Year 2015/16			Year 1	Year3	
		Target	Actual	Target		Actual	Target		
		x Previous year (iii)	(iv)	Previous year (v)	Current year (vi)	(vii)	Current year (viii)	Current year (viii)	x Following year (x)
Service Objective									
Provision of Sanitation service connections	500	500	500	500	500	500	500	0	0
T 3.2.6									

Employees: Sanitation Services					
Job Level	Year 2014/15	Year 2015/16			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	0	0	0	0	0%
7 - 9	0	0	0	0	0%
10 - 12	12	12	12	0	0%
13 - 15	0	0	0	0	0%
16 - 18	21	21	20	0	0%
19 - 20	0	0	0	0	0%
Total	34	34	33	0	0%
T 3.2.7					

Financial Performance Year 0: Sanitation Services					
R'000					
Details	Year - 1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	46221	0	43201	-7%
Expenditure:					
Employees	125	6946	6946	6382	-9%
Repairs and Maintenance	25	3940	4800	4127	5%
Other	45	1780	0	2153	17%
Total Operational Expenditure	195	12666	11746	12662	0%
Net Operational Expenditure	75	-33555	11746	-30539	-10%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					
T 3.2.8					

Capital Expenditure Year 2015/16: Sanitation Services					
					R' 000
Capital Projects	Year 2015/16				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Construction of internal Sewer Reticulation in Kgakala Ext 6, 7 & 8	4 928 880	5 079 072	10 007 952	103%	10 007 952
T 3.2.9					

#### COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:

Due to lack of Operation and Maintenance Plans and Masterplans, the maintenance is carried out on a purely reactive basis. We acted on complaints received by the Municipality from the community. The Municipality was struggling to keep up with the unblocking of sewers due to the fact that only one sewer cleaning jetting equipment was earmarked for the whole Municipality which is in excess of 20 000 stands.

The lack of sewerage system in Makwassie town meant that the 2 Honey suckers were kept busy although the 6 000 litre was always out of commission (frequent breakdowns). The 10 000 litre Honeysucker was in the asset register of the Dr KK District Municipality and maintenance logistics of the truck was always a challenge to the Municipality hence delaying service delivery.

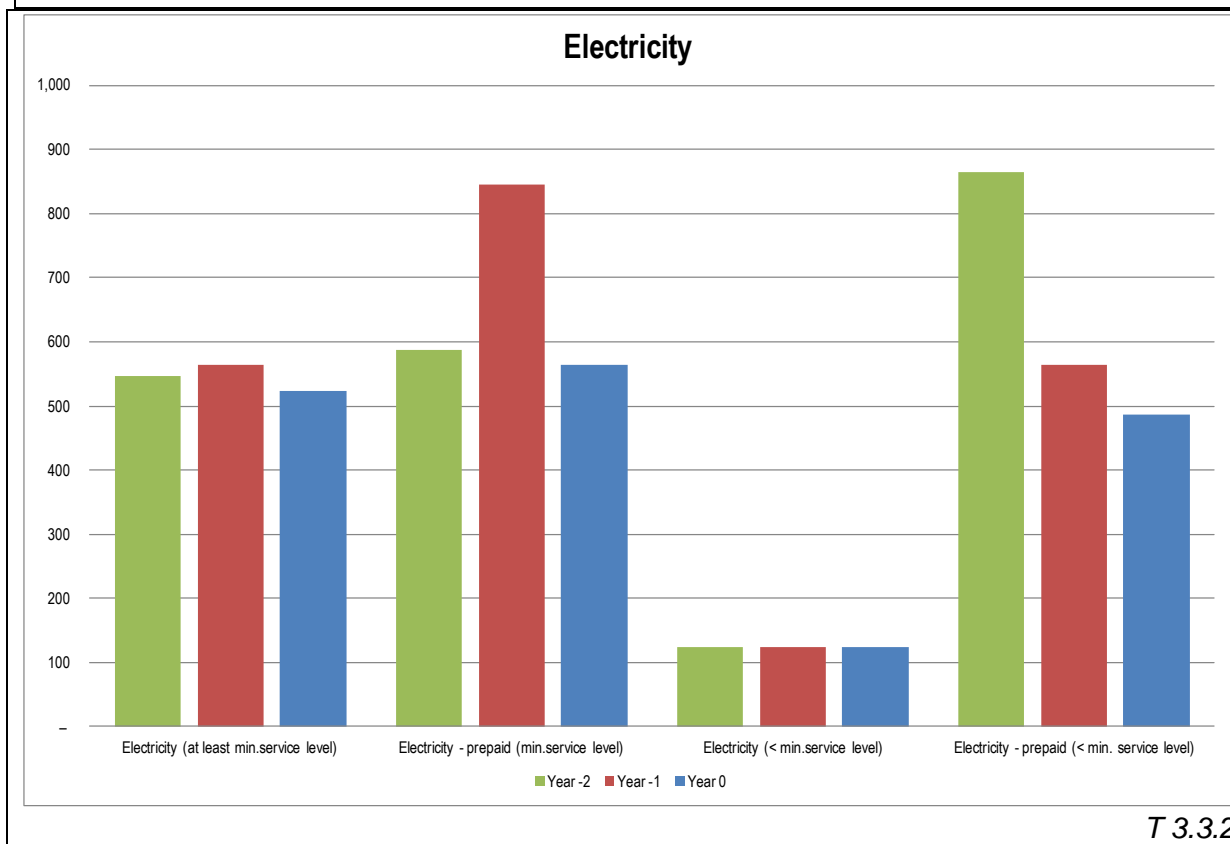
T 3.2.10

### 3.3 ELECTRICITY

#### INTRODUCTION TO ELECTRICITY

The Maquassi Hills Local municipality is the Electricity supply authority in the towns and townships of Wolmaransstad, Makwassie, Leeudoringstad, Witpoort, Tswelelalng, Kgakala, Lebaleng. On the other hand the Municipality is a service provider in the areas of Wolmaransstad, Leedoringstad, Makwassie and the villages of Boskuil and Oersonskraal respectively.

T 3.3.1



Electricity Service Delivery Levels				
Description	Year -3	Year -2	Year -1	Households Year 0
	Actual No.	Actual No.	Actual No.	Actual No.
<b><u>Energy: (above minimum level)</u></b>				
Electricity (at least min.service level)	2571	2571	2571	2571
Electricity - prepaid (min.service level)	0	0	0	0
<i>Minimum Service Level and Above sub-total</i>	2571	2571	2571	2571
<i>Minimum Service Level and Above Percentage</i>	100.0%	100.0%	100.0%	100.0%
<b><u>Energy: (below minimum level)</u></b>				
Electricity (< min.service level)	0	0	0	0
Electricity - prepaid (< min. service level)	0	0	0	0
Other energy sources	0	0	0	0
<i>Below Minimum Service Level sub-total</i>	0	0	0	0
<i>Below Minimum Service Level Percentage</i>	0.0%	0.0%	0.0%	0.0%
<b>Total number of households</b>	2571	2571	2571	2571
T 3.3.3				

Households - Electricity Service Delivery Levels below the minimum						
Description	Year -3	Year 2013/14	Year 2014/15	Year 2015/16		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
<b>Formal Settlements</b>						
Total households	0	0	0	0	0	0
Households below minimum service level	0	0	0	0	0	0
Proportion of households below minimum service level						
<b>Informal Settlements</b>						
Total households	497	497	497	497	497	497
Households totals below minimum service level	497	497	497	497	497	497
Proportion of households totals below minimum service level	100%	100%	100%	100%	100%	100%
T 3.3.4						

Electricity Service Policy Taken From IDP									
Service Objective	Outline Service Targets	Year 2014/15		Year 2015/16			Year 1	Year3	
		Target	Actual	Target		Actual	Target		
		x Previous year (iii)	(iv)	Previous year (v)	Current year (vi)	(vii)	Current year (viii)	Current year (viii)	x Following year (x)
Service indicators (i)	(iii)								
Service Objective									
Provision of High Mast Lights within standard	690	0	0	0	0	0	0	0	690
T 3.3.5									

Employees: Electricity Services					
Job Level	Year 2014/15	Year 2015/16			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	2	2	0	0%
4 - 6	2	2	2	0	0%
7 - 9	0	1	0	1	100%
10 - 12	1	1	1	1	100%
13 - 15	0	0	0	0	
16 - 18	8	8	8	0	0%
19 - 20	0	0	0	0	
Total	13	14	13	2	14%
T 3.3.6					

Financial Performance Year 0: Electricity Services					
R'000					
Details	Year - 1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	44993	0	48306	7%
Expenditure:					
Employees	125	3338	0	3174	-5%
Repairs and Maintenance	25	3010	2150	2361	-27%
Other	45	419	0	42912	99%
Total Operational Expenditure	195	6767	2150	48447	86%
Net Operational Expenditure	75	-38226	2150	141	27211%
T 3.3.7					



Capital Expenditure Year 2015/16: Electricity Services					
Year 2015/16					
Capital Projects	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	0
No Capital Projects T 3.3.8					

#### COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL:

The Maquassi Hills Local municipality is the Electricity supply authority in the towns and townships of Wolmaransstad, Makwassie, Leeudoringstad, Witpoort, Tswelelalng, Kgakala, Lebaleng. However the municipality is a service provider only in three areas, ie Wolmaransstad, Leedoringstad, Makwassie and villages of Boskuil and Oersonskraal respectively. There is a total of 2571 customers that are supplied directly by the municipality. The other areas are directly supplied by Eskom. In total Eskom supplies in excess of 14 000 customers. The major growth in demand for residential supply is in these Eskom supply areas. The municipality interacts with Eskom on their annual plans for the implementation of their electrification projects..

*T 3.3.9*

### 3.4 WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

#### INTRODUCTION TO WASTE MANAGEMENT

We are currently having three compact trucks and two for skips.

Given the size of our communities we require at least 3 compact refuse trucks and 4 more trucks for skips to achieve the national standard of collecting waste at least once a week.

*T 3.4.1*

Solid Waste Service Delivery Levels				
Description	Year -3	Year -2	Year -1	Households Year 0
	Actual No.	Actual No.	Actual No.	Actual No.
<b><u>Solid Waste Removal: (Minimum level)</u></b>				
Removed at least once a week			17 148	17 148
<i>Minimum Service Level and Above sub-total</i>			70%	75%
<i>Minimum Service Level and Above percentage</i>			70%	70%
<b><u>Solid Waste Removal: (Below minimum level)</u></b>				
Removed less frequently than once a week			4 220	0
Using communal refuse dump			1 100	3 600
Using own refuse dump			4 220	6 720
Other rubbish disposal	0	0	0	0
No rubbish disposal	0	0	0	0
<i>Below Minimum Service Level sub-total</i>			5 5 320	10 320
<i>Below Minimum Service Level percentage</i>			29.1%	49.5%
<b>Total number of households</b>			<b>18 248</b>	<b>20 848</b>

Households - Solid Waste Service Delivery Levels below the minimum						
Description	Year -3	Year 2013/14	Year 2014/15	Year 2015/16		
	Actual	Actual	Actual	Original	Adjusted	Actual
	No.	No.	No.	Budget No.	Budget No.	No.
<b>Formal Settlements</b>						
Total households	13	15	15	16	–	16
Households below minimum service level	3	2	3	3	–	3
Proportion of households below minimum service level	19%	14%	17%	19%		18%
<b>Informal Settlements</b>						
Total households	5	2	5	5	3	3
Households totals below minimum service level	5	3	5	5	3	3
Proportion of households totals below minimum service level	111%	125%	111%	100%	100%	100%
T 3.4.3						

Waste Management Service Policy Objectives Taken From IDP									
Service Objectives  <i>Service Indicators</i> (i)	Outline Service Targets  (ii)	Year 2013/14		Year 2014/15			Year 1	Year 15/16	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
fencing of 1 landfill site	fencing of 1 landfill site	0	0	0	0		0	1	1
T 3.4.4									

T 3.4.4

Employees: Solid Waste Management Services					
Job Level	Year 2014/15	Year 2015/16			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	1	0	1	100%
7 - 9	0	0	0	0	0%
10 - 12	6	6	6	0	0%
13 - 15	3	3	3	0	0%
16 - 18	29	29	29	0	0%
19 - 20	0	0	0	0	0%
Total	38	38	38	0	100%
T3.4.5					

Employees: Waste Disposal and Other Services					
Job Level	Year 2014/15	Year 2015/16			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	0	0	0	0	0%
10 - 12	0	0		0	0%
13 - 15	0	0	0	0	0%
16 - 18	0			0	0%
19 - 20	0	0	0	0	0%
Total	0	0	0	0	0%
T3.4.6 Not Applicable					

Financial Performance Year 0: Solid Waste Management Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	0	12878	0	13799	7%
Expenditure:					
Employees	0	4894	0	4853	-1%
Repairs and Maintenance	0	350	0	177	-98%
Other	0	468	0	411	-14%
<b>Total Operational Expenditure</b>	0	5712	0	5441	-5%
<b>Net Operational Expenditure</b>	0	-7166	0	-8358	14%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.4.7					

Financial Performance Year 0: Waste Disposal and Other Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	0	0	0	0	0
Expenditure:					
Employees	0	0	0	0	0
Repairs and Maintenance	0	0	0	0	0
Other	0	0	0	0	0
<b>Total Operational Expenditure</b>	0	0	0	0	0
<b>Net Operational Expenditure</b>	0	0	0	0	0
Not Applicable, completed above					
T 3.4.8					

Capital Expenditure Year 2015/16: Waste Management Services					
R' 000					
Capital Projects	Year 2015/16				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Project A:	0	0	0	0	0
Project B	0	0	0	0	0
Project C	0	0	0	0	0
Project D	0	0	0	0	0
No Project.					
T 3.4.9					

COMMENT ON WASTE MANGEMENT SERVICE PERFORMANCE OVERALL:
No capital project.
T 3.4.10



### 3.5 HOUSING

#### INTRODUCTION TO HOUSING

We have formulated the housing sector plan which forms an annexure on the IDP document. The sector plans entails all our housing challenges and strategies of how to deal with this challenge. We have a five year plan on how to deal with housing challenges and which programmes to use in dealing with our backlogs.

T 3.5.1

Percentage of households with access to basic housing			
Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements
Year -3	18000	15000	71.4%
Year -2	19500	17000	66.7%
Year -1	21970	19000	73.3%
Year 0	22500	20000	79.6%
			T3.5.2

Housing Service Policy Objectives Taken From IDP									
Service Objectives  <i>Service Indicators</i> (i)	Outline Service Targets  (ii)	Year 2014/15		Year 1			Year 2	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective									
<i>Provide new settlement in Lebaleng</i>	700 Residential sites	700	0	700	0	0	0	700	700
Provide new settlement in Witpoort	400 Residential sites	400	0	400	0	0	400	400	400
Provide new settlement in Kgakala	300 Residential sites	300	0	300	0	0	300	300	300
Provide new settlement in Tsweleng	2500 Residential sites	2500	0	2500	0	0	2500	2500	2500
The Department of Local Government and Human Settlement is currently doing this function with the municipality assisting in terms of township establishment, identification of beneficiaries as well as allocation of sites.									
T3.5.3									

T3.5.3

Employees: Housing Services					
Job Level	Year 2014/15	Year 2015/16			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	2	1	1	50%
4 - 6	1	1	1	0	0%
7 - 9	2	2	2	0	0%
10 - 12	0	1	0	1	100%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	4	6	4	2	33%
					T 3.5.4

Financial Performance Year 0: Housing Services					
R'000					
Details	Year - 1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0%
Expenditure:					
Employees	0	2264	0	2221	0%
Repairs and Maintenance	0	4	0	1	0%
Other	0	141	0	368	0%
Total Operational Expenditure	0	2409	0	2590	7%
Net Operational Expenditure	0	2409	0	2590	7%
					T 3.5.5

Capital Expenditure Year 2015/16: Housing Services					
					R' 000
Capital Projects	Year 2015/16				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0		
Project A	0	0	0	0%	0
Project B	0	0	0		0
Project C	0	0	0	0%	0
Project D	0	0	0	0%	0
Housing Projects done by the Province.					T 3.5.6

**COMMENT ON THE PERFORMANCE OF THE HOUSING SERVICE OVERALL:**  
 We have opened new townships in an effort to eradicate informal settlements. We have also allocated beneficiaries their stand and opened files for them, we are on daily basis addressing all the housing related queries.

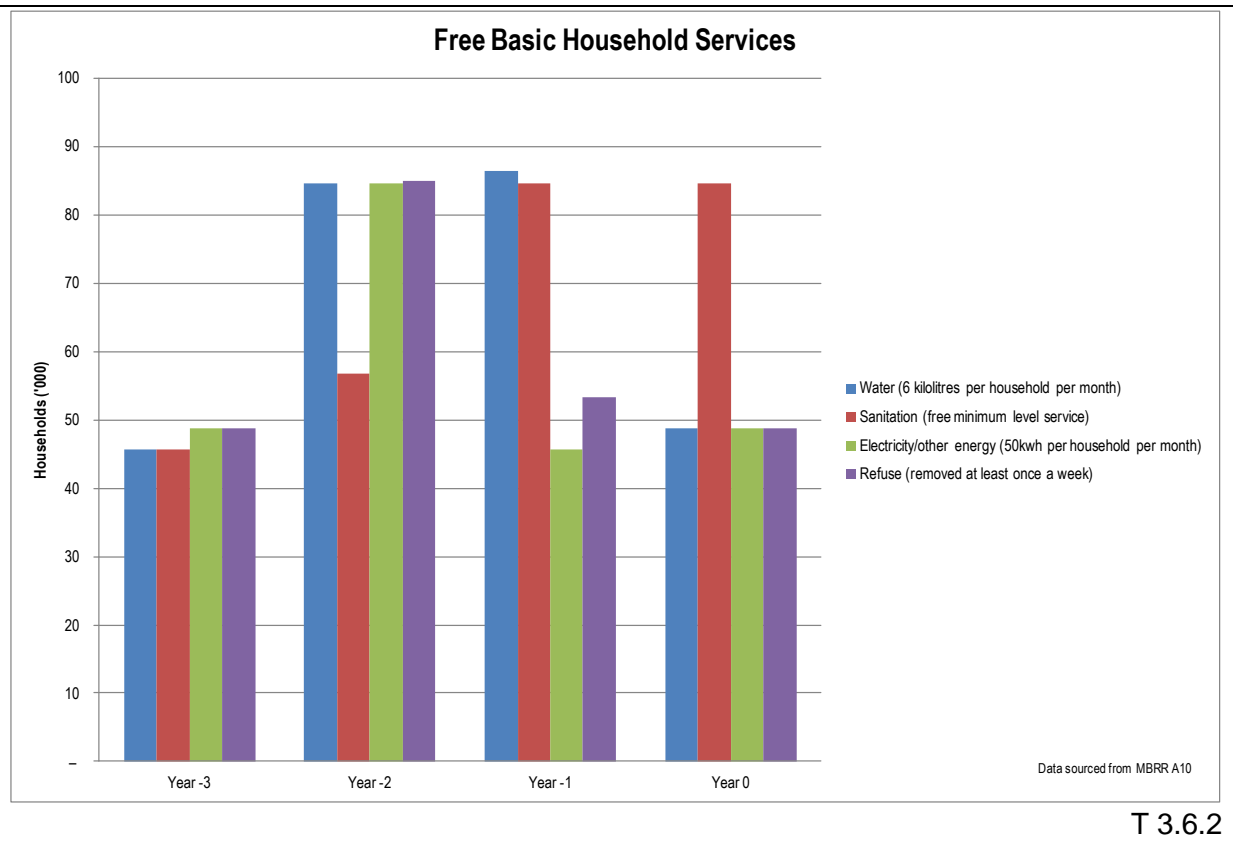
T 3.5.7

### 3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

#### INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

The municipality has an Indigent Register and Policy. We provide Free Basic Services to all households whose monthly gross income is less than R3 500.00. Community members are urged to register through ward committees and the use of Ward Councillors who also have to assist identify qualifying households and help process Indigent registration.

T 3.6.1



	Number of households									
	Total	Households earning less than R1,100 per month								
		Total	Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse	
			Access	%	Access	%	Access	%	Access	%
Year - 2	16,784	3,500	2,100	60%	2,100	60%	2,100	60%	2,100	60%
Year - 1	16,784	2,200	2,200	100%	2,200	100%	1,995	91%	2,200	100%
Year 0	16,784	3,500	518	15%	518	15%	518	15%	518	15%

T 3.6.3

Financial Performance Year 0: Cost to Municipality of Free Basic Services Delivered					
Services Delivered	Year -1	Year 0			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	466 347.64	1 542 000.00	-	408 058.10	1 133 941.90
Waste Water (Sanitation)	310 898.42	1 028 000.00	-	272 038.60	755 961.40
Electricity	466 347.64	1 542 000.00	-	408 058.10	1 133 941.90
Waste Management (Solid Waste)	310 898.42	1 028 000.00	-	272 038.60	755 961.40
Total	1 554 492.12	5 140 000.00	-	1 360 193.40	3 779 806.60
					T 3.6.4



#### COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT:

The municipality has an Indigent Register and Policy. We provide Free Basic Services to all households whose monthly gross income is less than R3 500.00. The municipality is still looking for ways and means of extending Free Basic Services to rural areas, in the form of Alternative Energy.

T 3.6.6

### COMPONENT B: ROAD TRANSPORT

This component includes: roads; transport; and waste water (storm water drainage).

#### INTRODUCTION TO ROAD TRANSPORT

The Municipality implements road infrastructure upgrades in the historically disadvantaged Areas using the Road and Storm water Master Plan, however we still cater for our towns in a form of road patching and closing off potholes.

T 3.6.7

### 3.7 ROADS

#### INTRODUCTION TO ROADS

The Masterplan was done in 2010 and it shows the following backlog in terms of Roads and Storm water:

Wolmaransstad – 34.6km

Tswelelang – 20.6km

Makwassie (including Lebaleng) – 36.7km

Leeudoringstad (including Kgakala) – 10.0km

Witpoort (including Rulaganyang) – 13.3km

However, the rate at which the Municipality is taking in upgrading these gravel roads to either tar or paved blocks it will not achieve the eradication of these gravel roads in the next 30 years.

T 3.7.1

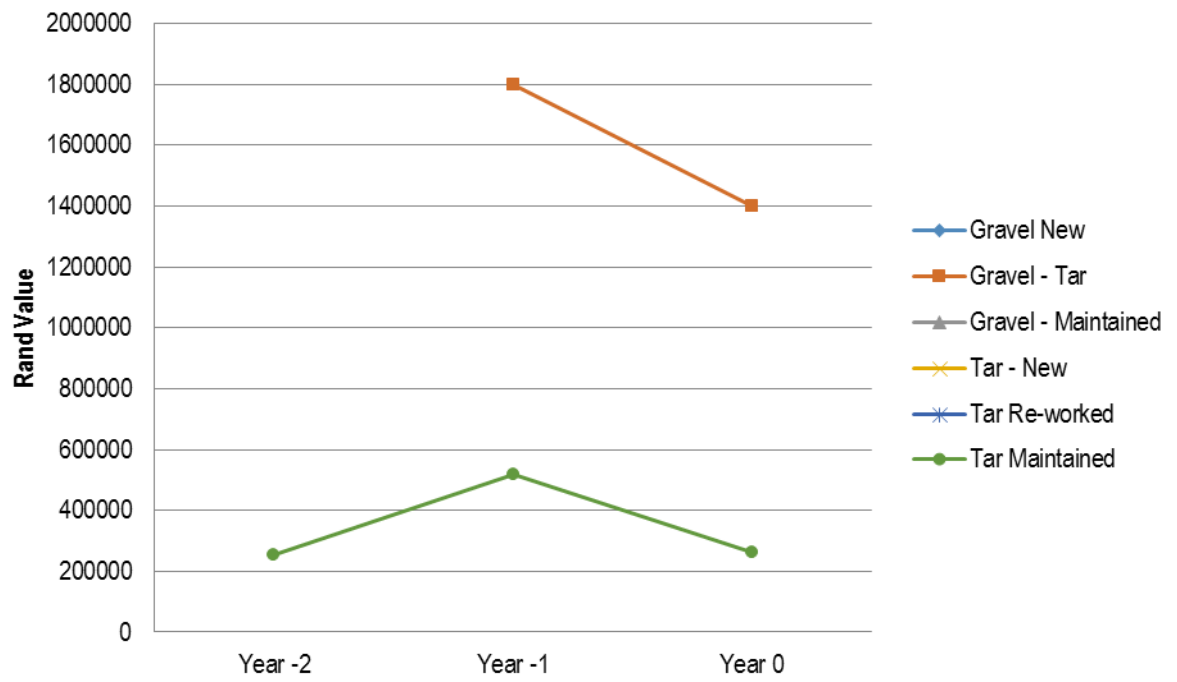


Gravel Road Infrastructure				
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
Year 2012/13	95.87	0	4.5km	5km
Year 2013/14	108	12	6km	15km
Year 2014/15	114	0	0	20km
2015/16	114	0	3.2	2km
				T 3.7.2

Tarred Road Infrastructure					
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
Year 2012/13	85	10	0	18	100
Year 2013/14	98	14	0	15	120
Year 2014/15	114	0	0	25	140
2015/16	114	0	0	0	2
T3.7.3					

Cost of Construction/Maintenance						
	Gravel			Tar		
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained
Year 2012/13	0	0	0	0	0	252479
Year 2013/14	0	1 800 000	0	0	0	517000
Year 2014/15	0	1 400 000	0	0	0	261385
2015/16	0	0	0	0	0	76886
T 3.7.4						

## Road Infrastructure costs



T 3.7.



Employees: Road Services					
Job Level	Year 2014/15	Year 2015/16			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	1	1	1	0	0%
7 - 9	0	0	0	0	
10 - 12	0	1	0	1	100%
13 - 15	0	0	0	0	
16 - 18	9	9	9	0	0%
19 - 20	0	0	0	0	
Total	11	12	10	1	8%
					T3.7.7

Financial Performance Year 0: Road Services					
					R'000
Details	Year - 1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	14760	0	15340	4%
Expenditure:					
Employees	125	3097	2953	3452	10%
Repairs and Maintenance	25	256	0	147	-74%
Other	45	1713	0	2432	30%
Total Operational Expenditure	195	5066	2953	6031	16%
Net Operational Expenditure	75	-9694	2953	-9309	-4%
					T 3.7.8

Capital Expenditure Year 2015/16: Road Services					
R' 000					
Capital Projects	Year 2015/16				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	13 627 146	92 237	13 719 383	13%	
Upgrading of Roads and Stormwater in Lebaleng ext 5 - Phase 3	6 465 069	0	6 465 069	0%	
Upgrading of Roads and Stormwater in Tsweleng ext 4 & 5 Phase 1	7 162 077	92 237	7 254 314	1.3%	

#### COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

The Municipality does not have Financial surplus hence cannot fund projects from internal coffers. They heavily rely on conditional grants. This has a negative impact on roads in the urban areas as they cannot be refurbished or upgraded. Some of them have collapsed to such an extent that pothole patching would be a waste of money.

*T 3.7.10*

### 3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

#### INTRODUCTION TO TRANSPORT

*Traffic Department is in for vehicle roadworthy tests, licensing and traffic management only no Municipal bus services.*

**T 3.8.1**

Municipal Bus Service Data					
	Details	Year -1	Year 0		Year 1
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Passenger journeys	0	0	0	0
2	Seats available for all journeys	0	0	0	0
3	Average Unused Bus Capacity for all journeys	%	0	0	0
4	Size of bus fleet at year end	0	0	0	0
5	Average number of Buses off the road at any one time	%	0	0	0
6	Proportion of the fleet off road road at any one time	%	0	0	0
7	No. of Bus journeys scheduled	0	0	0	0
8	No. of journeys cancelled	0	0	0	0
9	Proportion of journeys cancelled	%		0	0
<b>Not applicable</b>					<b>T 3.8.2</b>

Concerning T 3.8.2

NOT APPLICABLE

Transport Service Policy Objectives Taken From IDP									
Service Objectives  <i>Service Indicators</i> (i)	Outline Service Targets  (ii)	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective )									
	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
Not applicable									
T 3.8.3									

Employees: Transport Services					
Job Level	Year 2014/15	Year 2015/16			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	0	0	0	0	0
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	0	0	0	0	0
Not applicable					T3.8.4

Financial Performance Year 2015/16: Transport Services					
					R'000
Details	Year 2013/14	Year 2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0
Expenditure:	0	0	0	0	0
Employees	0	0	0	0	0
Repairs and Maintenance	0	0	0	0	0
Other	0	0	0	0	0
Total Operational Expenditure	0	0	0	0	0
Net Operational Expenditure	0	0	0	0	0
NOT APPLICABLE					T 3.8.5



Capital Expenditure Year 2014/15: Transport Services					
R' 000					
Capital Projects	Year 2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	
Project A	0	0	0	0	0
Project B	0	0	0	0	0
Project C	0	0	0	0	0
Project D	0	0	0	0	0
<b>NOT APPLICABLE</b>					T 3.8.6

<p>COMMENT ON THE PERFORMANCE OF TRANSPORT OVERALL:</p> <p>Not applicable.</p>	T 3.8.7
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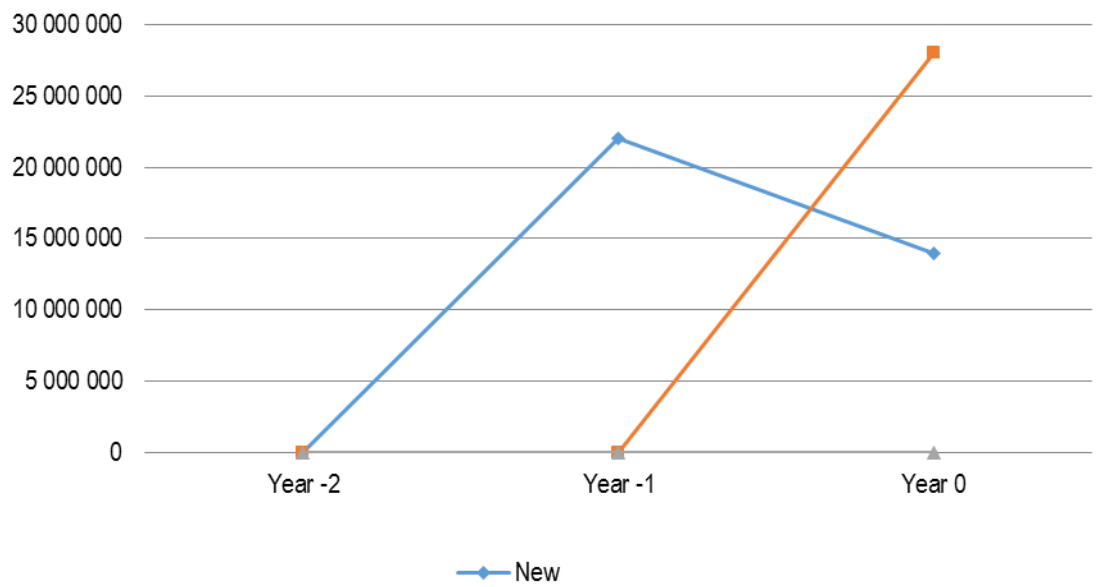
### 3.9 WASTE WATER (STORMWATER DRAINAGE)

<p>INTRODUCTION TO STORMWATER DRAINAGE</p> <p>The stormwater upgrades are done simultaneously as the Roads upgrades.</p>	T 3.9.1
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Storm water Infrastructure				Kilometres
	Total Storm water measures	New storm water measures	Storm water measures upgraded	Storm water measures maintained
Year 2012/13	106.29	0	0	0
Year 2013/14	112	0	0	0
Year 2014/15	112	0	0	205
2015/16	112	0	0	2km
				T 3.9.2

Cost of Construction/Maintenance			R' 000
	Storm water Measures		
	New	Upgraded	Maintained
Year 2012/13	0	0	0
Year 2013/14	22,000,000	0	0
Year 2014/15	14,000,000	28,000,000	0
2015/16	0	0	0
			T 3.9.3

## Stormwater infrastructure costs



T 3.9.4



Employees: Storm water Services					
Job Level	Year 2014/15	Year 2015/16			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	1	1	1	0	0%
7 - 9	0	0	0	0	
10 - 12	0	1	0	1	100%
13 - 15	0	0	0	0	
16 - 18	9	9	9	0	0%
19 - 20	0	0	0	0	
Total	11	12	10	1	8%
T 3.9.6					

Financial Performance Year 2015/16: Storm water Services					
					R'000
Details	Year 2014/15	Year 2015/16			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0
Expenditure:					
Employees	0	0	0	0	0
Repairs and Maintenance	0	0	0	0	0
Other	0	0	0	0	0
Total Operational Expenditure	0	0	0	0	0
Net Operational Expenditure	0	0	0	0	0
As reflected in roads section since the financial expenditure is combined as roads and storm water					T 3.9.7

Capital Expenditure Year 2015/16: Storm water Services					
R' 000					
Capital Projects	Year 2015/16				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	13 627 146	92 237	13 719 383	13%	
Upgrading of Roads and Stormwater in Lebaleng ext 5 - Phase 3	6 465 069	0	6 465 069	0%	6 465 069
Upgrading of Roads and Stormwater in Tsweleng ext 4 & 5 Phase 1	7 162 077	92 237	7 254 314	1.3%	7 254 314
As reflected in the roads section, it is the same projects					
T 3.9.8					

#### COMMENT ON THE PERFORMANCE OF STORMWATER DRAINAGE OVERALL:

The performance of the storm water drainage in different parts of the municipality.

##### Tsweleng Township

The design of the surfaced roads is such that storm water drains in the centre of the road and there is no underground drainage. Consequently either water stands in the road increasing the incidence of accidents or flooding of houses is the order of the day.

##### Wolmaransstad extensions

Refuse is dumped in the storm water channels resulting in flooding especially in extension 13 outlying areas.

There are no 5 year targets at the moment because of lack of storm water Masterplan.

T3.9.9

## COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development.

### INTRODUCTION TO PLANNING AND DEVELOPMENT

. The municipality has Local Economic Department which deals with planning regarding opportunities and challenges in the fields of economic development. Amongst other opportunities there is small scale mining, farming and tourism.

T 3.10

### 3.10 PLANNING

#### INTRODUCTION TO PLANNING

We don't have a fully-fledged unit for planning but most of the planning work is done through Cooperate services, LED and IDP sections.

T 3.10.1

Applications for Land Use Development						
Detail	Formalisation of Townships		Rezoning		Built Environment	
	Year 2014/15	Year 2015/16	Year 2014/15	Year 2015/16	Year 2014/15	Year 2015/16
Planning application received	0	1	3	1	202	200
Determination made in year of receipt	0	1	3	1	202	200
Determination made in following year	0	0	6	0	0	0
Applications withdrawn	0	0	0	0	0	0
Applications outstanding at year end	0	0	0	0	0	0
3.10.2						T

Planning Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year 2014/15		Year 201516			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective 0									
	0	0	0	0	0	0	0	0	0
-	0	0	0	0	0	0	0	0	0
-	0	0	0	0	0	0	0	0	0
-	0	0	0	0	0	0	0	0	0
-	0	0	0	0	0	0	0	0	0
-									
None at this stage									

T 3.10.3



Employees: Planning Services					
Job Level	Year 2014/15	Year 2015/16			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	0	0	0	0	0%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	0	0	0	0	0%
Planning in relation to Land Use Management is done by service providers.					T 3.10.4

Financial Performance Year 2015/16: Planning Services					
R'000					
Details	Year 2014/15	Year 2015/16			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0
Expenditure:	0	0	0	0	0
Employees	0	0	0	0	0
Repairs and Maintenance	0	0	0	0	0
Other	0	0	0	0	0
Total Operational Expenditure	0	0	0	0	0
Net Operational Expenditure	0	0	0	0	0
No unit in place					T 3.10.5

Capital Expenditure Year 2015/16: Planning Services					
					R' 000
Capital Projects	Year 2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0		
Project A	0	0	0		0
Project B	0	0	0		0
Project C	0	0	0		0
Project D	0	0	0		0
Total project: no capital expenditure					T 3.10.6

COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL:
No capital project.
T 3.10.7

### 3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

#### INTRODUCTION TO LOCAL ECONOMIC DEVELOPMENT

In terms of the Constitution (Act 108 of 1996) local government is mandated to participate in, and stimulate development and to 'promote social and economic development of communities'. It defines this role as a 'central responsibility (for municipalities) to work together with local communities to find sustainable ways to meet their needs to improve the quality of their lives'. This has been crafted into a national framework for LED in South Africa. The framework acknowledges that 'the majority of South Africans were kept out of the mainstream of the economy through inferior education, restrictions on movement and trade, no access to finance and resources, and deliberate state action that forced people into poverty and distress'. The purpose of the LED plan is to investigate the current situation with regards to available options and opportunities for broadening the local economic base in order to address the creation of employment opportunities and the resultant positive spin-off effects.

A number of elements in a local economy can contribute to increased unemployment levels providing an unfavourable and unhealthy environment for investment, which in turn leads to the local economy stagnating. This in turn places further strain on an already overdrawn local resource base, reinforcing the need for a ground-breaking and effective broadening of the local economic ownership, etc.

The municipality has assisted in providing workshops, trainings and awareness campaigns to SMME's as part of skills development and capacity building.

T 3.11.1

Economic Activity by Sector			
	R '000		
Sector	Year -2	Year -1	Year 0
Agric, forestry and fishing	8	8	7
Mining and quarrying	4	4	3
Manufacturing	2	3	4
Wholesale and retail trade	7	8	10
Finance, property, etc.	8	9	9
Govt, community and social services	13	15	20
Infrastructure services	6	6	9
Total	48	53	62

T 3.11.2

Economic Employment by Sector			
Sector	Year 1 No.	Year -1 No.	Jobs Year 0 No.
Agric, forestry and fishing	1,500	1,500	1400
Mining and quarrying	800	800	700
Manufacturing	600	700	800
Wholesale and retail trade	3,700	3,800	4200
Finance, property, etc.	1,500	1,000	1000
Govt, community and social services	1,500	2,000	3000
Infrastructure services	1,500	2,000	2500
Total	11550	11 800	13600
T 3.11.3			

#### COMMENT ON LOCAL JOB OPPORTUNITIES:

An overview of the existing activities and strengths, as well as constraints to development, is provided for each economic sector, namely Agriculture, Mining, Manufacturing, Utilities & Construction, Transport & Communications, Finance & Business Services, Social/Community Services, as well as Tourism. Development potential for each sector will be identified, according to existing and latent comparative advantages and the latest market and technology trends.

Potential growth industries that hold opportunities for the Maquassi Hills Local Municipal economy are discussed in more detail through value chain analyses for these high potential industries. After indicating the typical components within each value chain, a gap analysis will point out missing or

Inadequate elements that should be addressed in the Local Municipality.

Identified development opportunities will then be packaged in terms of clustering potential and agglomeration advantages by taking into account economic linkages with other sector.

Some of the criteria that were taken into account to evaluate an economic sector in terms of development potential include the following:

- ☐ Availability of raw materials/resources
- ☐ Availability of labour

T 3.11.4

Jobs Created during Year 0 by LED Initiatives (Excluding EPWP projects)				
Total Jobs created / Top 3 initiatives	Jobs created  No.	Jobs lost/displaced by other initiatives No.	Net total jobs created in year  No.	Method of validating jobs created/lost
Total (all initiatives)				
Year -2	23	0	13	PROJECT REPORTS
Year -1	22	5	17	PROJECT REPORTS
Year 0	323	0		
Initiative A ( MIG PROJECTS) (Year 0)	258	0	258	PROJECT REPORTS
Initiative B (OTHER GOVERNMENT) INITIATIVES (Year 0)	25	0	25	PROJECT REPORTS
Initiative C PRIVATE SECTOR INITIATIVE (Year 0)	40	0	40	PROJECT REPORTS
T 3.11.5				

Job creation through EPWP* projects		
Details	EPWP Projects No.	Jobs created through EPWP projects No.
Year -2	1	11
Year -1	1	128
Year 0	1	145
* - <i>Extended Public Works Programme</i>		T 3.11.6

Local Economic Development Policy Objectives Taken From IDP									
Service Objectives  <i>Service Indicators</i> (i)	Outline Service Targets (ii)	Year 2014/15		Year 2015/16			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Followin g Year (x)
Service Objective xxx									
<i>SMME's Training</i>	50	50	35	50	6	3	40	50	0
<i>Workshops Conducted</i>	2	4	2	4	12	11	2	2	2
Participation on Exhibitions	2	2	2	2	0	0	2	2	0
T 3.11.7									

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Employees: Local Economic Development Services					
Job Level	Year 2014/15	Year 2015/16			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	1	1	1	0	0%
7 - 9	0	0	0	0	0
10 - 12	0	0	0	0	
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	00
19 - 20	0	0	0	0	0
Total	2	2	2	0	
					T 3.11.8

Financial Performance Year 2015/16 Local Economic Development Services					
					R'000
Details	Year 2014/15	Year 2015/16			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue		-258	-258	-275	17
Expenditure:					
Employees		684	684	585	99
Repairs and Maintenance		0	0	0	0
Other		29	29	36	-7
Total Operational Expenditure		713	713	621	92
Net Operational Expenditure		455	455	345	110
					T 3.11.9

Capital Expenditure Year 2015/16: Economic Development Services					
					R' 000
Capital Projects	Year 2015/16				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	0
Project A	0	0	0	0%	0
Project B	0	0	0	0%	0
Project C	0	0	0	0%	0
Project D	0	0	0	0%	0
No capital Project for 2015/2016.					T 3.11.10

COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:
We managed to create temporary job opportunities through Municipal Projects and helped our people to start their own businesses but we can still do more by increasing LED budget and getting more involvement from the Private Sector for Economic development and job creation. The Dr Kenneth Kaunda District Municipality plays a critical role in funding some of our LED projects.
T 3.11.11

## COMPONENT D: COMMUNITY & SOCIAL SERVICES

This component includes: libraries and archives; museums arts and galleries; community halls; cemeteries and crematoria; child care; aged care; social programmes, theatres.

### INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

Maquassi Hills Local Municipality is responsible for library services, community halls and cemeteries. Our main function is to manage and maintain all the libraries, community halls and cemeteries to ensure that our communities have access to decent community facilities and also to provide such services where they are needed. We receive funding in a form of grants on an annual basis for Library services.

*T 3.52*

### 3.12 LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

#### INTRODUCTION TO LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES

NOT APPLICABLE

*T3.12.1*

#### SERVICE STATISTICS FOR LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

NOT APPLICABLE

*T 3.12.2*



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Employees: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
Job Level	Year 2015/16	Year 2015/16			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	
4 - 6	1	1	1	0	0%
7 - 9	2	2	2	0	0%
10 - 12	2	2	2	0	0%
13 - 15	3	3	3	0	0%
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	8	8	8	0	0%
					T 3.12.4

Financial Performance Year 2015/16: Libraries; Archives; Museums; Galleries; Community Facilities; Other R'000					
Details	Year 2014/15	Year 2015/16			
		Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-960	-960	-1 403	443
Expenditure:	-				
Employees	-	1 523	1 523	1 564	-41
Repairs and Maintenance	-	469	469	279	190
Other	-	617	617	447	170
Total Operational Expenditure	-	2 609	2 609	2 290	319
Net Operational Expenditure	-	1 649	1 649	-887	762
Not Applicable.					T 3.12.5

Capital Expenditure Year 2015/16: Libraries; Archives; Museums; Galleries; Community Facilities; Other R' 000					
Capital Projects	Year 2015/16				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	
Project A	0	0	0	0	0
Project B	0	0	0	0	0
Project C	0	0	0	0	0
Project D	0	0	0	0	0
Not applicable / No Capital project in 2015/2016					
T 3.12.6					

COMMENT ON THE PERFORMANCE OF LIBRARIES; ARCHIVES; MUSEUMS;  
GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC) OVERALL:

We only have Libraries and the rest don't apply. There was no capital project for the year under review

T 3.12.7

### 3.13 CEMETORIES AND CREMATORIUMS

#### INTRODUCTION TO CEMETORIES & CREMATORIUMS

□ We have nine cemeteries in our municipal area. We have a huge challenge in the fencing of our cemeteries and also some of our cemeteries are full and we are in the process identifying areas where we can establish new cemeteries. We do not have crematoriums in our area that are controlled by the municipality

T 3.13.1

#### SERVICE STATISTICS FOR CEMETORIES & CREMATORIUMS

The following are statistics of the number of graves that were sold in different units,  
Wolmaransstad/Tswelelang= 330  
Leeudoringstad/Kgakala=80  
Witpoort/Rulaganyang=16  
Makwassie/Lebaleng=55

T 3.13.2





Employees: Cemeteries and Crematoriums					
Job Level	Year 2015/16	Year 2015/16			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	0	0	0	0	0
10 - 12	1	1	1	0	0%
13 - 15	0	0	0	0	0
16 - 18	3	3	3	0	0%
19 - 20	0	0		0	0
Total	4	4	4	0	0%
					T 3.13.4

Financial Performance Year 2015/16: Cemeteries and Crematoriums					
					R'000
Details	Year 2014/15	Year 2015/16			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue		140	140	132	8
Expenditure:					
Employees		420	420	467	47
Repairs and Maintenance		18	18	137	-119
Other		17	17	9	9
Total Operational Expenditure		455	455	613	158
Net Operational Expenditure		315	315	480	165
					T 3.13.5

Capital Expenditure Year 2015/16: Cemeteries and Crematoriums					
R' 000					
Capital Projects	Year 2015/16				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	
Project A	0	0	0		0
Project B	0	0	0		0
Project C	0	0	0	0%	0
Project D	0	0	0	0%	0
No Capital Project for 2105/2016					T 3.13.6

COMMENT ON THE PERFORMANCE OF CEMETORIES & CREMATORIUMS OVERALL:  
 We have a challenge in respect of our cemeteries in that most of them are getting full and we need to identify other pieces of land to establish new cemeteries especially in Kgakala and Wolmaransstad. We also need to properly fence all our cemeteries as the animals are destroying graves and tombstones

T 3.13.7

### 3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

INTRODUCTION TO CHILD CARE; AGED CARE; SOCIAL PROGRAMMES  
 Not applicable

T 3.14.1

SERVICE STATISTICS FOR CHILD CARE  
 Not applicable

T 3.14.2



Employees: Child Care; Aged Care; Social Programmes					
Job Level	Year 2014/15	Year 2015/16			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	0	0	0	0	0
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	0	0	0	0	0
NOT APPLICABLE					
T 3.14.4					

Financial Performance Year 2015/16: Child Care; Aged Care; Social Programmes					
					R'000
Details	Year 2014/15	Year 2015/16			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0
Expenditure:	0	0	0	0	0
Employees	0	0	0	0	0
Repairs and Maintenance	0	0	0	0	0
Other	0	0	0	0	0
Total Operational Expenditure	0	0	0	0	0
Net Operational Expenditure	0	0	0	0	0
NOT APPLICABLE					
T 3.14.5					

Capital Expenditure Year 2015/16: Child Care; Aged Care; Social Programmes					
R' 000					
Capital Projects	Year 2015/16				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	
Project A	0	0	0	0	0
Project B	0	0	0	0	0
Project C	0	0	0	0	0
Project D	0	0	0	0	0
NOT APPPLICABLE					
T 3.14.6					

COMMENT ON THE PERFORMANCE OF CHILD CARE; AGED CARE; SOCIAL PROGRAMMES OVERALL:
NOT APPLICABLE
T 3.14.7

## COMPONENT E: ENVIRONMENTAL PROTECTION

This component includes: pollution control; biodiversity and landscape; and costal protection.

### INTRODUCTION TO ENVIRONMENTAL PROTECTION

NOT APPLICABLE

T 3.14

## 3.15 POLLUTION CONTROL

### INTRODUCTION TO POLLUTION CONTROL

We have one registered dumping and refuse collection is used as a measure to control pollution.

T 3.15.1

### SERVICE STATISTICS FOR POLLUTION CONTROL

NOT AVAILABLE.

T 3.15.2

Pollution Control Policy Objectives Taken From IDP									
Service Objectives  <i>Service Indicators</i> (i)	Outline Service Targets (ii)	Year 0		Year 1		Year 2	Year 3		
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
Not Applicable.									
T 3.15.3									

T 3.15.3

Employees: Pollution Control					
Job Level	Year 2014/15	Year 2015/16			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	0	0	0	0	0
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	0	0	0	0	0
Not Applicable					
T 3.15.4					

Financial Performance Year 2015/16: Pollution Control					
					R'000
Details	Year 2014/15	Year 2015/16			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0
Expenditure:	0	0	0	0	0
Employees	0	0	0	0	0
Repairs and Maintenance	0	0	0	0	0
Other	0	0	0	0	0
Total Operational Expenditure	0	0	0	0	0
Net Operational Expenditure	0	0	0	0	0
Not Applicable					
T 3.15.5					



Capital Expenditure Year 2015/16: Pollution Control					
R' 000					
Capital Projects	Year 2015/16				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	
Project A	0	0	0	0	0
Project B	0	0	0	0	0
Project C	0	0	0	0	0
Project D	0	0	0	0	0
Not Applicable					T 3.15.6

COMMENT ON THE PERFORMANCE OF POLLUTION CONTROL OVERALL:
NO CAPITAL PROJECTS.
T 3.15.7

### 3.16 BIO-DIVERSITY; LANDSCAPE (INCL. OPEN SPACES); AND OTHER (EG. COASTAL PROTECTION)

INTRODUCTION BIO-DIVERSITY AND LANDSCAPE
NOT APPLICABLE..
T 3.16.1

SERVICE STATISTICS FOR BIO-DIVERSITY AND LANDSCAPE
NO APPLICABLE
T 3.16.2

Bio-Diversity; Landscape and Other Policy Objectives Taken From IDP									
Service Objectives  <i>Service Indicators</i> (i)	Outline Service Targets  (ii)	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
-	0	0	0	0	0	0	0	0	0
-	0	0	0	0	0	0	0	0	0
-									
-	0	0	0	0	0	0	0	0	0
-									
-									
-	0	0	0	0	0	0	0	0	0
-									
-									
-	0	0	0	0	0	0	0	0	0
-									
Not Applicable									
T 3.16.3									

T 3.16.3

Employees: Bio-Diversity; Landscape and Other					
Job Level	Year 2014/15	Year 2015/16			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	0	0	0	0	0
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	0	0	0	0	0
Not Applicable					
T 3.16.4					

Financial Performance Year 2015/16: Bio-Diversity; Landscape and Other					
R'000					
Details	Year 2014/15	Year 2015/16			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0
Expenditure:	0	0	0	0	0
Employees	0	0	0	0	0
Repairs and Maintenance	0	0	0	0	0
Other	0	0	0	0	0
Total Operational Expenditure	0	0	0	0	0
Net Operational Expenditure	0	0	0	0	0
Not Applicable					
T 3.16.5					

Capital Expenditure Year 2015/16: Bio-Diversity; Landscape and Other					
R' 000					
Capital Projects	Year 2015/16				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	
Project A	0	0	0	0	0
Project B	0	0	0	0	0
Project C	0	0	0	0	0
Project D	0	0	0	0	0
.Not Applicable					T 3.16.6

COMMENT ON THE PERFORMANCE OF BIO-DIVERSITY; LANDSCAPE AND OTHER OVERALL:
NOT APPLICABLE
T 3.16.7

## COMPONENT F: HEALTH

This component includes: clinics; ambulance services; and health inspections.

INTRODUCTION TO HEALTH
NOT APPLICABLE
T 3.17

### 3.17 CLINICS

INTRODUCTION TO CLINICS
NOT APPLICABLE
T 3.17.1

Service Data for Clinics					
	Details	Year -2	Year -1		Year 0
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Average number of Patient visits on an average day	0	0	0	0
2	Total Medical Staff available on an average day	0	0	0	0
3	Average Patient waiting time	0	0	0	0
4	Number of HIV/AIDS tests undertaken in the year	0	0	0	0
5	Number of tests in 4 above that proved positive	0	0	0	0
6	Number of children that are immunised at under 1 year of age	0	0	0	0
7	Child immunisation s above compared with the child population under 1 year of age	0	0	0	0
Not Applicable					T 3.17.2

Concerning T 3.17.2

NOT APPLICABLE

Clinics Policy Objectives Taken From IDP									
Service Objectives  <i>Service Indicators</i> (i)	Outline Service Targets (ii)	Year 0		Year 1			Year 2	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objectives									
-	0	0	0	0	0	0	0	0	0
—	0	0	0	0	0	0	0	0	0
—									
—									
-	0	0	0	0	0	0	0	0	0
-									
-	0	0	0	0	0	0	0	0	0
-									
-									
-	0	0	0	0	0	0	0	0	0
Not Applicable									
T 3.17.3									

Employees: Clinics					
Job Level	Year 2014/15	Year 2015/16			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	0	0	0	0	0
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	0	0	0	0	0
Not applicable T 3.17.4					

Financial Performance Year 2015/16: Clinics					
R'000					
Details	Year 2014/15	Year 2015/16			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0
Expenditure:	0	0	0	0	0
Employees	0	0	0	0	0
Repairs and Maintenance	0	0	0	0	0
Other	0	0	0	0	0
Total Operational Expenditure	0	0	0	0	0
Net Operational Expenditure	0	0	0	0	0
Not applicable T 3.17.5					

Capital Expenditure Year 2015/16: Clinics					
R' 000					
Capital Projects	Year 2015/16				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	
Project A	0	0	0	0	0
Project B	0	0	0	0	0
Project C	0	0	0	0	0
Project D	0	0	0	0	0
<b>Not Applicable</b>					T 3.17.6

COMMENT ON THE PERFORMANCE OF CLINICS OVERALL:

NOT APPLICABLE

T 3.17.7

### 3.18 AMBULANCE SERVICES

INTRODUCTION TO AMBULANCE SERVICES	
NOT APPLICABLE	T 3.18.1

Ambulance Service Data					
	Details	Year -2	Year -1		Year 0
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Number of patients taken to medical facilities during the year	0	0	0	0
2	Average time from emergency call to arrival at the patient - in urban areas	0	0	0	0
3	Average time from emergency call to arrival at the patient - in rural areas	0	0	0	0
4	Average time from emergency call to the transportation of patient to a medical facility - in urban areas	0	0	0	0
5	Average time from emergency call to the transportation of patient to a medical facility - in rural areas	0	0	0	0
6	No. ambulance	0	0	0	0
7	No. paramedics				
<b>Not Applicable</b>					T 3.18.2



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Ambulances Policy Objectives Taken From IDP									
Service Objectives  <i>Service Indicators</i> (i)	Outline Service Targets  (ii)	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
-	0	0	0	0	0	0	0	0	0
-									
-									
-	0	0	0	0	0	0	0	0	0
-									
-									
-	0	0	0	0	0	0	0	0	0
-									
-									
	0	0	0	0	0	0	0	0	0
Not Applicable									
T 3.18.3									

Employees: Ambulances					
Job Level	Year 2014/15	Year 2015/16			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	0	0	0	0	0
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	0	0	0	0	0
Not Applicable T 3.18.4					

Financial Performance Year 2015/16: Ambulances					
R'000					
Details	Year 2014/15	Year 2015/16			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0
Expenditure:	0	0	0	0	0
Employees	0	0	0	0	0
Repairs and Maintenance	0	0	0	0	0
Other	0	0	0	0	0
Total Operational Expenditure	0	0	0	0	0
Net Operational Expenditure	0	0	0	0	0
Not applicable T 3.18.5					

Capital Expenditure Year 2015/16: Ambulances					
R' 000					
Capital Projects	Year 2015/16				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	
Project A	0	0	0	0	0
Project B	0	0	0	0	0
Project C	0	0	0	0	0
Project D	0	0	0	0	0
Not Applicable					T 3.18.6

COMMENT ON THE PERFORMANCE OF AMBULANCE SERVICES OVERALL:  
NOT APPLICABLE

T 3.18.7

### 3.19 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC

INTRODUCTION TO HEALTH INSPECTIONS; FOOD AND ABATTOIR LICENCING AND INSPECTIONS, ETC

NOT APPLICABLE

T 3.19.1

SERVICE STATISTICS FOR HEALTH INSPECTION, Etc.

NOT APPLICABLE

T 3.19.2

Health Inspection and Etc. Policy Objectives Taken From IDP									
Service Objectives  <i>Service Indicators</i> (i)	Outline Service Targets  (ii)	Year 0		Year 1			Year 2	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective									
-	0	0	0	0	0	0	0	0	0
-		0	0	0	0	0	0	0	0
-	0								
-									
-									
-	0	0	0	0	0	0	0	0	0
-		0	0	0	0	0	0	0	0
-									
-									
-	0	0	0	0	0	0	0	0	0
-		0	0	0	0	0	0	0	0
-									
-									
Not Applicable.									
T 3.19.3									

Employees: Health Inspection and etc.					
Job Level	Year 2014/15	Year 2015/16			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	0	0	0	0	0
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	0	0	0	0	0
NOT APPLICABLE					
T 3.19.4					

Financial Performance Year 2015/16: Health Inspection and etc.					
R'000					
Details	Year 2014/15	Year 2015/16			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	0	0	0	0	0
Expenditure:	0	0	0	0	0
Employees	0	0	0	0	0
Repairs and Maintenance	0	0	0	0	0
Other	0	0	0	0	0
<b>Total Operational Expenditure</b>	0	0	0	0	0
<b>Net Operational Expenditure</b>	0	0	0	0	0
NOT APPLICABLE					
T 3.19.5					

Capital Expenditure Year 2015/16: Health Inspection and Etc					
R' 000					
Capital Projects	Year 2015/16				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	
Project A	0	0	0	0	
Project B	0	0	0	0	
Project C	0	0	0	0	
Project D	0	0	0	0	
Not Applicable					T 3.19.6

COMMENT ON THE PERFORMANCE OF HEALTH INSPECTIONS, Etc. OVERALL: NOT APPLICABLE	T 3.19.7
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## COMPONENT G: SECURITY AND SAFETY

This component includes: police; fire; disaster management, licensing and control of animals, and control of public nuisances, etc.

INTRODUCTION TO SECURITY & SAFETY
Disaster management is provided by the District Municipality and we don't have police services.
T 3.20

### 3.20 POLICE

INTRODUCTION TO POLICE
NOT APPLICABLE
T 3.20.1

Metropolitan Police Service Data					
	Details	Year -1	Year 0		Year 1
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Number of road traffic accidents during the year	0	0	0	0
2	Number of by-law infringements attended	0	0	0	0
3	Number of police officers in the field on an average day	0	0	0	0
4	Number of police officers on duty on an average day	0	0	0	0
Not Applicable					T 3.20.2

Concerning T 3.20.2

NOT APPLICABLE.

T 3.20.2.1



Police Policy Objectives Taken From IDP									
Service Objectives  <i>Service Indicators</i> (i)	Outline Service Targets  (ii)	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective									
-	0	0	0	0	0	0	0	0	0
-		0	0	0	0	0	0	0	0
-	0								
-									
-									
-	0	0	0	0	0	0	0	0	0
-									
-									
-									
-	0	0	0	0	0	0	0	0	0
Not applicable									
T 3.20.3									

Employees: Police Officers					
Job Level	Year 2014/15	Year 2015/16			
Police	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	No.	%
Chief Police Officer & Deputy	0	0	0	0	0
Other Police Officers	0	0	0	0	0
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	0	0	0	0	0
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	0	0	0	0	0
NOT APPLICABLE T 3.20.4					

Financial Performance Year 2015/16: Police					
R'000					
Details	Year 2014/15	Year 2015/16			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0
Expenditure:	0	0	0	0	0
Police Officers	0	0	0	0	0
Other employees	0	0	0	0	0
Repairs and Maintenance	0	0	0	0	0
Other	0	0	0	0	0
Total Operational Expenditure	0	0	0	0	0
Net Operational Expenditure	0	0	0	0	0
NOT APPLICABLE T 3.20.5					

Capital Expenditure Year 2015/16: Police					
R' 000					
Capital Projects	Year 2015/16				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	0
Project A	0	0	0	0	0
Project B	0	0	0	0	0
Project C	0	0	0	0	0
Project D	0	0	0	0	0
Not Applicable					T 3.20.6

COMMENT ON THE PERFORMANCE OF POLICE OVERALL:
.NOT APPPLICABLE
T 3.20.7

### 3.21 FIRE

INTRODUCTION TO FIRE SERVICES
Fire services is a challenge in relation to manpower. The Dr Kenneth Kaunda District Municipality is assisting with recruitment of personnel for this division.
T 3.21.1

Metropolitan Fire Service Data					
	Details	Year -1	Year 0		Year 1
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Total fires attended in the year	0	0	0	0
2	Total of other incidents attended in the year	0	0	0	0
3	Average turnout time - urban areas	0	0	0	0
4	Average turnout time - rural areas	0	0	0	0
5	Fire fighters in post at year end	0	0	0	0
6	Total fire appliances at year end	0	0	0	0
7	Average number of appliance off the road during the year	0	0	0	0
Not Applicable					T 3.21.2

Concerning T3.21.2

**Not Applicable.**

Fire Service Policy Objectives Taken From IDP									
Service Objectives  <i>Service Indicators</i> (i)	Outline Service Targets  (ii)	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective									
-									
-	0	0	0	0	0	0	0	0	0
-									
-									
-	0	0	0	0	0	0	0	0	0
-									
-	0	0	0	0	0	0	0	0	0
-									
--	0	0	0	0	0	0	0	0	0
-									
District Municipality is in charge of this Department									

T 3.21.3

T 3.21.3

Employees: Fire Services					
Job Level	Year 2015/16	Year 2015/16			
Fire Fighters	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	No.	%
Chief Fire Officer & Deputy	0	0	0	0	0
Other Fire Officers	0	0	0	0	0
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	0	0	0	0	0
10 - 12	3	3	3	0	0%
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	3	3	3	0	0
. Note: The District municipality is responsible for this function. T 3.21.4					

Financial Performance Year 2015/16: Traffic and fire Services					
					R'000
Details	Year 2014/15	Year 2015/16			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	0	0	0	0	0
Expenditure:	0	0	0	0	0
Employees	0	0	0	0	0
Repairs and Maintenance	0	0	0	0	0
Other	0	0	0	0	0
<b>Total Operational Expenditure</b>	0	0	0	0	0
<b>Net Operational Expenditure</b>	0	0	0	0	0
					T 3.21.5

Capital Expenditure Year 2015/16: Traffic and Fire Services					
					R' 000
Capital Projects	Year 2015/16				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	
Project B	0	0	0	0	0
Project C	0	0	0	0	0
Project D	0	0	0	0	0
NOT APPLICABLE					T3.21.6

COMMENT ON THE PERFORMANCE OF FIRE SERVICES OVERALL:  
Not applicable

*T 3.21.7*

### 3.22 OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)

INTRODUCTION TO DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL,  
CONTROL OF PUBLIC NUISANCES, ETC  
No fully-fledged disaster management function.

*T 3.22.1*

SERVICE STATISTICS FOR DISASTER MANAGEMENT, ANIMAL LICENCING AND  
CONTROL, CONTROL OF PUBLIC NUISANCES, ETC

Not available

*T 3.22.2*



Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc. Policy Objectives Taken From IDP									
Service Objectives  <i>Service Indicators</i>  (i)	Outline Service Targets  (ii)	Year 0		Year 1			Year 2	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective 0									
-	0	0	0	0	0	0	0	0	0
--									
-									
-	0	0	0	0	0	0	0	0	0
-									
-									
-	0	0	0	0	0	0	0	0	0
-									
	0	0	0	0	0	0	0	0	0
Disaster Management is done by the District Municipality on our behalf of the Maquassi-Hills.									
T 3.22.3									

Employees: Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc.					
Job Level	Year 2014/15	Year 2015/16			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	0	0	0	0	0
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	0	0	0	0	0
T 3.22.4					

Financial Performance Year 2015/16: Disaster Management, Animal Licensing and Control, Control of Public Nuisances, Etc.					
					R'000
Details	Year 2014/15	Year 2015/16			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0
Expenditure:					0
Employees	0	0	0	0	0
Repairs and Maintenance	0	0	0	0	0
Other	0	0	0	0	0
Total Operational Expenditure	0	0	0	0	0
Net Operational Expenditure	0	0	0	0	0
Not Applicable					
T 3.22.5					

Capital Expenditure Year 2015/16: Disaster Management, Animal Licencing and Control, Control of Public Nuisances, etc.					
R' 000					
Capital Projects	Year 2015/16				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	
Project A	0	0	0	0	0
Project B	0	0	0	0	0
Project C	0	0	0	0	0
Project D	0	0	0	0	0
Not Applicable					
T 3.22.6					

<p>COMMENT ON THE PERFORMANCE OF DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL OF PUBLIC NUISANCES, ETC OVERALL:</p> <p>No fully- fledged disaster management services/ function as it is partially performed by the Dr Kenneth Kaunda District Municipality</p>	T 3.22.7
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#### COMPONENT H: SPORT AND RECREATION

This component includes: community parks; sports fields; sports halls; stadiums; swimming pools; and camp sites.

INTRODUCTION TO SPORT AND RECREATION	
Not Applicable	T 3.23

#### 3.23 SPORT AND RECREATION

SERVICE STATISTICS FOR SPORT AND RECREATION	
Not Applicable	T 3.23.1

Sport and Recreation Policy Objectives Taken From IDP									
Service Objectives  <i>Service Indicators</i>  (i)	Outline Service Targets  (ii)	Year 0		Year 1			Year 2	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective 0									
-	0	0	0	0	0	0	0	0	0
-	0	0	0	0	0	0	0	0	0
-	0	0	0	0	0	0			
-	0	0	0	0	0	0	0	0	0
-	0	0	0	0	0	0			
-	0	0	0	0	0	0			
-	0	0	0	0	0	0	0	0	0
-	0	0	0	0	0	0			
-	0	0	0	0	0	0			
-	0	0	0	0	0	0	0	0	0
-	0	0	0	0	0	0			
-	0	0	0	0	0	0	0	0	0
T 3.23.2									

Employees: Sport and Recreation					
Job Level	Year 2014/15	Year 2015/16			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	0	0	0	0	0
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	0	0	0	0	0
Not Applicable T3.23.3					

Financial Performance Year 2015/16: Sport and Recreation					
R'000					
Details	Year 2014/15	Year 2015/16			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0
Expenditure:	0	0	0	0	0
Employees	0	0	0	0	0
Repairs and Maintenance	0	0	0	0	0
Other	0	0	0	0	0
Total Operational Expenditure	0	0	0	0	0
Net Operational Expenditure	0	0	0	0	0
Not Applicable					
T 3.23.4					

Capital Expenditure Year 2015/16: Sport and Recreation					
R' 000					
Capital Projects	Year 2015/16				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	
Project A	0	0	0	0	0
Project B	0	0	0	0	0
Project C	0	0	0	0	0
Project D	0	0	0	0	0
Not Applicable					T 3.23.5

COMMENT ON THE PERFORMANCE OF SPORT AND RECREATION OVERALL:  
NOT APPLICABLE

T 3.23.6

## COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes: corporate policy offices, financial services, human resource services, ICT services, property services.

INTRODUCTION TO CORPORATE POLICY OFFICES, etc.

None

T 3.24

### 3.24 EXECUTIVE AND COUNCIL

This component includes: Executive office (mayor; councillors; and municipal manager).

#### INTRODUCTION TO EXECUTIVE AND COUNCIL

The municipality is a category B municipality which is executive type. It consists of Mayor, Speaker, Council and Exco Portfolio Committees. The Mayor is the political head who presides over Exco and the Speaker is the Chairperson of Council and presides over Council meetings

*T 3.24.1*

#### SERVICE STATISTICS FOR THE EXECUTIVE AND COUNCIL

*T 3.24.2*

The Executive and Council Policy Objectives Taken From IDP									
Service Objectives  <i>Service Indicators</i> (i)	Outline Service Targets  (ii)	Year 2014/15		Year 2015/16			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective									
-	0	0	0	0	0	0	0	0	0
-	0	0	0	0	0	0	0	0	0
-									
-									
Not Applicable. Not included in the IDP at the moment.									
T 3.24.3									

T 3.24.3



Employees: The Executive and Council					
Job Level	Year 2014/15	Year 2015/16			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
	21	21	21	0	0%
Total	21	21	21	0	0%
					T 3.24.4

Financial Performance Year 0: The Executive and Council					
					R'000
Details	Year - 1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	0	0	0	
Expenditure:					
Employees	125	1805	0	1779	-1%
Repairs and Maintenance	25	0	0	0	
Other	45	85	0	95	11%
Total Operational Expenditure	195	1890	0	1874	-1%
Net Operational Expenditure	75	1890	0	1874	-1%
					T 3.24.5

Capital Expenditure Year 2015/16: The Executive and Council					
					R' 000
Capital Projects	Year 2015/16				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	
Project A	0	0	0	0	0
Project B	0	0	0	0	0
Project C	0	0	0	0	0
Project D	0	0	0	0	0
<b>No Capital projects this year.</b>					T 3.24.6

COMMENT ON THE PERFORMANCE OF THE EXECUTIVE AND COUNCIL	
Most of the executive and council meetings held according to the adopted schedule and Resolutions were fully implemented.	T 3.24.7

### 3.25 FINANCIAL SERVICES

INTRODUCTION FINANCIAL SERVICES	
Our Financial Services comprise of Budget and Treasury, Supply Chain, Revenue division, Asset Management and Expenditure division and all these sections are fully functional.	T 3.25.1

Debt Recovery							
							R' 000
Details of the types of account raised and recovered	Year 2014/2015		Year 2015/2016			Year 2016/2017	
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %
Property Rates	27,202.00	60.34	30,813.00	30,971.00	100.51	14,372.00	80.00
Electricity - B	2,727.00	95.32	5,470.00	4,287.00	78.37	5,000.00	95.00
Electricity - C	44,910.00	86.15	34,748.00	43,929.00	126.42	25,473.00	95.00
Water - B	1,295.00	17.54	8,031.00	2,036.00	25.35	3,500.00	80.00
Water - C	37,029.00	14.70	30,822.00	43,728.00	141.87	19,847.00	80.00
Sanitation	27,356.00	22.80	27,266.00	29,086.00	106.67	13,677.00	85.00
Refuse	12,895.00	17.01	12,878.00	13,798.00	107.14	5,889.00	85.00
Other	33,589.00	179.09	5,921.00	41,979.00	433.46	7,500.00	80.00
B- Basic; C= Consumption. See chapter 6 for the Auditor General's rating of the quality of the financial Accounts and the systems behind them.							T 3.25.2

Concerning T 3.25.2

The average payment rate has been 45% during this year and we are currently developing strategies to address this challenge.

Financial Service Policy Objectives Taken From IDP									
Service Objectives  <i>Service Indicators</i> (i)	Outline Service Targets  (ii)	Year 0		Year 1			Year 2	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year  (iii)	  (iv)	*Previous Year  (v)	*Current Year  (vi)	  (vii)	*Current Year  (viii)	*Current Year  (ix)	*Following Year  (x)
Service Objective									
To have a clean unqualified audit.	Unqualified Audit report.	Unqualified Report	Qualified Audit.	Disclaimer.	Unqualified	Qualified.	Disclaimer.	disclaimer	Unqualified.
Increase Revenue collection.	Increase collection to 90%	65%	45%	70%	70%	45%	45%	40%	40%
Implement SCM policy	100% implementation of SCM policy.	100%	80%	100%	80%	80%	80%	100%	70%
T 3.25.3									

Employees: Financial Services					
Job Level	Year 2014/15	Year 2015/16			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	4	6	2	2	33%
4 - 6	4	5	4	1	20%
7 - 9	11	12	11	1	8%
10 - 12	7	15	7	8	53%
13 - 15	4	7	4	3	43%
16 - 18	13	15	13	2	13%
19 - 20	0	0	0	0	
Total					
T 3.25.4					

Financial Performance Year 0: Financial Services					
R'000					
Details	Year - 1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	63371	125	100	95	-32%
Expenditure:					
Employees	10140	244	250	248	2%
Repairs and Maintenance	691	244	250	248	2%
Other	20796	244	250	248	2%
<b>Total Operational Expenditure</b>	31627	732	750	744	2%
<b>Net Operational Expenditure</b>	31744	607	650	649	6%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.25.5					

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COMMENT ON THE PERFORMANCE OF FINANCIAL SERVICES OVERALL:

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### 3.26 HUMAN RESOURCE SERVICES

#### INTRODUCTION TO HUMAN RESOURCE SERVICES

Human Resources Division is part of the Corporate Services. Its functions entail recruitment, training and development, occupational health and safety, manpower planning, personnel administration, employment equity and labour relations.

*T 3.26.1*

#### SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES

*T 3.26.2*

Human Resource Services Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year 2014/15		Year 2015/16			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
<b>Service Objective xxx</b>									
To Review the Employment Equity Plan	Reviewed and credible EEP by June 2016	Reviewed and credible EEP by June 2015	Not achieved	Not achieved	Not achieved	Not achieved	Reviewed and credible EEP by June 2016	Not achieved	Review EEP
To Develop Skills Development Plan	Adopted and submitted plan by April 2015	Adopted and submitted plan by June 2014	WSP submitted to LGSETA	WSP submitted to LGSETA	WSP submitted to LGSETA	WSP submitted to LGSETA	Adopted and submitted plan by June 2016	WSP submitted to LGSETA	Adopt and submit
Provide Training opportunities	65 employee and 21 councillors trained by June 2016	39 employee and 21 councillors trained by June 2014	39	60	54	There is variance of -6	39 employee and 21 councillors trained by June 2016	40	55
To improve the level of discipline	Reduced labour disputes by June 2015	Reduced labour disputes by June 2014	5 grievances						-
	50 Employees trained by on Collective Agreements on Disciplinary Codes and Procedure by June 2015	50 trained employees on collective agreement of disciplinary codes and procedures	Not achieved	Not achieved	Not achieved	50 Employees trained by on Collective Agreements on Disciplinary Codes and Procedure by June 2014	50 trained employees on collective agreement of disciplinary codes and procedures	Not achieved	To train 45 employees.
To promote sound labour relations	sound labour relations	6 LLF meetings by June 2016	3 LLF meetings	2 LLF meetings	6 LLF Meetings	2 LLF Meetings	6 LLF meetings by June 2016	2 LLF meetings	6 meetings
To fill all sec 56 manager positions	4 posts filled by June 2015	4 positions of senior managers be filled by December 2014	3 positions of senior managers were filled	Not achieved	position of senior manager community services be filled	position of senior manager community services not filled	position of senior manager community services be filled	3 positions of senior managers were filled	To fill vacant posts
T 3.25.3									

Employees: Human Resource Services					
Job Level	Year 2014/15	Year 2015/16			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	2	2	2	0	0%
7 - 9	0	0	0	0	0%
10 - 12	1	1	1	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	4	4	4	0	0
					T3.26.4

Financial Performance Year 2015/16: Human Resource Services					
R'000					
Details		Year 2015/16			
		Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue		892	282	1124	21%
Expenditure:					
Employees		6515	0	6567	1%
Repairs and Maintenance		526	0	427	-23%
Other		5437	0	248	-2092%
Total Operational Expenditure		12478	0	7242	-72%
Net Operational Expenditure		11586	-282	6118	-89%
					T 3.26.5



Capital Expenditure Year 0: Human Resource Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	
Project A	0	0	0	0	0
Project B	0	0	0	0	0
Project C	0	0	0	0	0
Project D	0	0	0	0	0
No capital projects					
T 3.26.6					

COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICES OVERALL:  
Human resource Department is fully functional as it is capable of fulfilling its mandate and responsibilities for total personnel capacity development, retention and attraction of skilled human capital.

T 3.26.7

### 3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

This component includes: Information and Communication Technology (ICT) services.

#### INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

No full-fledged ICT Unit.

T 3.27.1

#### SERVICE STATISTICS FOR ICT SERVICES

Not applicable.

T 3.27.2

ICT Services Policy Objectives Taken From IDP									
Service Objectives  <i>Service Indicators</i>  (i)	Outline Service Targets  (ii)	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year  (iii)	  (iv)	*Previous Year  (v)	*Current Year  (vi)	  (vii)	*Current Year  (viii)	*Current Year  (ix)	*Following Year  (x)
Service Objective 0									
-	0	0	0	0	0	0	0	0	0
-	0	0	0	0	0	0	0	0	0
-									
-									
-									
-	0	0	0	0	0	0	0	0	0
-									
-									
-	0	0	0	0	0	0	0	0	0
-									
Not Applicable									
T 3.27.3									

Employees: ICT Services					
Job Level	Year 2014/15	Year 2015/16			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	0	0	0	0	0
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	0	0	0	0	0
Not Applicable					
T3.27.4					

Financial Performance Year 2015/16: ICT Services					
R'000					
Details	Year 2014/15	Year 2015/16			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	684	700	700	369	231
Expenditure:					
Employees					
Repairs and Maintenance	684	700	700	369	231
Other					
Total Operational Expenditure					
Net Operational Expenditure	684	700	700	369	231
T 3.27.5					

Capital Expenditure Year 2015/16: ICT Services					
					R' 000
Capital Projects	Year 2015/16				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	
Project A	0	0	0	0	0
Project B	0	0	0	0	0
Project C	0	0	0	0	0
Project D	0	0	0	0	0
					T 3.27.6

COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL:  
ICT unit to be established in the next financial year.

T3.27.7

### 3.28 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

This component includes: property; legal; risk management and procurement services.

INTRODUCTION TO PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

ONLY SUPPLY CHAIN MANGEMENT UNIT IS IN PLACE.

T3.28.1

SERVICE STATISTICS FOR PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES.

T 3.28.2

Property; Legal; Risk Management; and Procurement Services Policy Objectives Taken From IDP									
Service Objectives  <i>Service Indicators</i> (i)	Outline Service Targets (ii)	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective 0									
-	0	0	0	0	0	0	0	0	0
-									
-									
-									
-	0	0	0	0	0	0	0	0	0
-									
-									
-									
-	0	0	0	0	0	0	0	0	0
Not Applicable									
T 3.28.3									

### Chapter 3

Employees: Property; Legal; Risk Management; and Procurement Services					
Job Level	Year 2014/15	Year 2015/16			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	0	0	0	0	0
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	0	0	0	0	0
T 3.28.4					

## Chapter 3

Financial Performance Year 2015/16: Property; Legal; Risk Management and Procurement Services					
R'000					
Details	Year 2014/15	Year 2015/16			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	0	0	0	0	0
Expenditure:					
Employees	0	0	0	0	0
Repairs and Maintenance	0	0	0	0	0
Other	0	0	0	0	0
<b>Total Operational Expenditure</b>	0	0	0	0	0
<b>Net Operational Expenditure</b>	0	0	0	0	0
T 3.28.5					

## Chapter 3

Capital Expenditure Year 2015/16: Property; Legal; Risk Management and Procurement Services					
R' 000					
Capital Projects	Year 2015/16				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Project A	0	0	0	0	0
Project B	0	0	0	0	0
Project C	0	0	0	0	0
Project D	0	0	0	0	0
.No capital projects.					T 3.28.6

COMMENT ON THE PERFORMANCE OF PROPERTY SERVICES OVERALL:
NOT APPLICABLE
T 3.28.7

### COMPONENT J: MISCELLANEOUS

This component includes: the provision of Airports, Abattoirs, Municipal Courts and Forestry as municipal enterprises.

INTRODUCTION TO MISCELLANEOUS
T 3.29.0



## Chapter 3

### COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

#### ANNUAL PERFORMANCE INFORMATION: FINANCIAL VIABILITY

KPA	Strategic Objective	KPI	Baseline	Annual Target	Revised Annual Target	Annual achievement	Variance	Reason for Variance	Corrective measures
Asset Management	To adhere to GRAP	% of credible asset register updated by end June 2016	1	100%	N/A	80%	20%	Delay in appointment of consultants to do the unbundling of assets.	Appointed consultant to be monitored to ensure that unbundling of assets is completed.
Finance	To improve overall financial management in the municipality by developing and implementing appropriate Financial Management	Financial viability measured in terms of the available cash to cover fixed operating expenditure (Available cash + investments / Monthly fixed operating expenditure) by end June 2016	New KPI for 2015/2016	100%	N/A	To be available after the AFS are finalized (2015/2016)	N/A	Awaiting the finalization of AFS 2015/2016	N/A
Finance	To improve overall financial management in the municipality by developing and implementing appropriate Financial Management	Debt to Revenue Short Term Lease + Long Term Lease / Total Operating Revenue - Operating Conditional Grant by June 2016	New KPI for 2015/2016	100%	N/A	To be available after the AFS are finalized (2015/2016)	N/A	Awaiting the finalization of AFS 2015/2016	N/A
Finance	To improve overall financial management in the municipality by developing and implementing appropriate Financial Management	Prepare and submit the final main budget to Council by 31 May 2017	1	1	N/A	1	-	Achieved	N/A

## Chapter 3

Finance	To improve overall financial management in the municipality by developing and implementing appropriate Financial Management	Submit draft adjustments budget for approval to council by end February 2016	1	1	N/A	1	-	Achieved	N/A
Finance	To improve overall financial management in the municipality by developing and implementing appropriate Financial Management	Submit the Annual Financial Statements to AGSA by 31 August 2015	1	1	N/A	1	-	Achieved	N/A
Finance	To improve overall financial management in the municipality by developing and implementing appropriate Financial Management	Amount of Irregular, Fruitless and Wasteful and Unauthorised Expenditure / Total Operating Expenditure	Baseline calculation only to be made after completion of the 2015/2016 AFS	R 49 662 963	N/A	R 178 334 276	- 128 671 313,00	Interest charges on late payments due to cash flow challenges.	Proper expenditure planning in line with realistic cash flow projections.
Finance	To improve overall financial management in the municipality by developing and implementing appropriate Financial Management	Number of days for creditors payment period by 30 June 2016	60 days	30 days	N/A	60 to 90 Days	60 days	Not achieved	Consultants appointed for debt recovery and disconnection of services
Debt reduction	Reduction of debt	Develop Debt reduction strategy by December 2015	1	1	N/A	1	-	Delay in the establishment of a Revenue Enhancement Committee for the final document.	The MM to appoint the committee referred to and all directorates to make submission for the strategy to be complete and adopted

									by Council
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## Chapter 3

### Municipal Transformation and Organisational Development

KPA	Strategic Objective	KPI	Baseline	Annual Target	Revised Annual Target	Annual achievement	Variance	Reason for Variance	Corrective measures
Recruitment	To review our Employment Equity Plan	The number of people from employment equity target groups employed (appointed) in the three highest levels of management in compliance with a municipality's approved equity plan by end June 2016	New KPI for 2015/2016	2	Target not revised	0	2	Moratorium on filling of posts until new Council	N/A
Employment Equity Plan	To review our Employment Equity Plan	Develop and submit to DoL the Employment Equity Plan of the municipality by June 2016	1	1	N/A	1	0	Achieved	N/A
Training and Development	To ensure capacity building	Percentage of municipality's budget actually spent on implementing its workplace skills plan measured as (Total Actual Training Expenditure / Total Operational Budget x 100) by end June 2016	New KPI for 2015/2016	0,45%	Target not revised	0,45%	0	Achieved	N/A
Training and Development	To ensure capacity building	Number of officials capacitated in terms Workplace Skills Plan by end June 2016	32	70	N/A	57	13	Postponement of training	N/A

## Chapter 3

Training and Development	To ensure capacity building	Number of councillors trained by end June 2016	19	21	N/A	17	4	Non-attendance of other Councillors	Municipality to ensure that it makes it compulsory for councillors to attend these training in the new financial year
Training and Development	To ensure capacity building	Number of learnership opportunities created by end June 2016	31	20	N/A	13	7	Slow approval by Departments	Municipality to liaise with the department in ensuring that learnership programmes are created and priorities as part of capacity building.
Training and Development	To ensure capacity building	Number of finance interns appointed by end June 2016	5	5	N/A	5	0	Achieved	N/A
Training and Development	To develop Skills Development Plan and to commit sufficient resources for the realization of all these objectives	Submission of Workplace Skills Plan to LGSETA by April 2016	1 WSP submitted in April 2015	1	N/A	1	0	Achieved	N/A
Performance Management	To implement legislative requirements and basic employment policies	Number of section 56 Managers performance agreement signed by end July 2015	4	4	N/A	4	0	Achieved	N/A

## Chapter 3

### Good Governance.

KPA	Strategic Objective	KPI	Baseline	Annual Target	Revised Annual Target	Annual achievement	Variance	Reason for Variance	Corrective measures
Submission of 2014/2015 AFS	Submission of 2014/2015 AFS	Submit the Annual Financial Statement to Auditor General by 31 August 2015	2014/2015 AFS submitted on time	1	N/A	1	-	Achieved	N/A
Performance Management	Submission of quarterly reports	Number of quarterly reports submitted by June 2016	The 2014/2015 quarterly reports done	4	N/A	4	0	Achieved	N/A
Performance Management	Submission of 2014/2015 APR	Submit the Annual Performance Report to the Mayor and Auditor General by 31 August 2015.	The 2014/2015 Annual Performance Report submitted to AG.	1	N/A	1	0	Achieved	N/A
Performance Management	Submission of 2014/2015 Annual Report	Submit the 2014/15 Annual Report to Mayor by December 2015	The 2014/2015 Annual Report submitted	1	N/A	1	0	Achieved	N/A
Functionality of the MPAC	Implementing Council's delegation	Oversight Reports submitted to Council by 31 March 2016	No Oversight Report done on the Annual Report	1	N/A	0	1	MPAC was not functional for the duration of the term	MPAC be established since the new Council is to be elected
Implementation of Council Resolutions	Council meetings	At least 4 council meetings to be held in 2015/2016 year end	6 Council Meetings were held the previous year	4	N/A	1	3	Adopted Schedule of council meeting is not honoured	Schedule of meetings to be adopted for 2016 and be honoured

## Chapter 3

To establish Section 79	Establishment of Section 79 committees	Number of Section 79 Committees established by June 2016	Committees exist.	4	N/A	4	0	Achieved	N/A
To establish Section 80	Establishment of Section 80 committees	Number of Section 80 Committees established by June 2016	Committees exist.	16	N/A	9	7	No reports to consider	Management must refer items to portfolio's
Ward Committees.	Establishment of functional ward committees	Number of Ward Committees established by June 2016	Committees exist.	11	N/A	11	0	Achieved	N/A
Consultative Community meetings	Community participation and consultations	Number of meetings held in wards by June 2016		66	N/A	58	8	Ward Councillors did not honour their schedules for ward meetings	Ward Councillors to honour their schedules for ward meetings
By-laws to be developed	New by-laws developed	By-laws to be developed and gazetted by 30 June 2016	No By-laws were promulgated in previous financial year	2	N/A	0	2	No By-laws were promulgated	Municipality to ensure that at least 2 by-laws are developed and gazetted in the new financial year
Implementation of Council Resolutions	Ensure that all resolutions are implemented	All council resolutions to be implemented by 30 June 2016	72 Resolutions taken in previous Financial year	100%	N/A	100%	0	Achieved	N/A

## Chapter 3

Adoption/ review of policies	Development of Policies	Review or develop at least 4 policies by 30 June 2016	7 Policies revised in previous financial year	4	N/A	4	0	Financial Policies reviewed	New policies to be identified
Good governance	To develop a SPLUMA compliant SDF	Appoint a suitable service provider by 31 Aug 2015 to develop a new SDF	2010 adopted SDF	1	N/A	1	0	4	N/A
Good governance	To develop a SPLUMA compliant LUMS	Appoint a suitable service provider by 31 Aug 2015 to develop a new LUMS	2007 Adopted LUMS	1	N/A	1	0	Achieved	N/A



### SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

KPA	Strategic Objective	KPI	Baseline	Annual Target	Revised Annual Target	Annual achievement	Variance	Reason for Variance	Corrective measures
Roads and Storm water	Improved access to basic services re: Roads and Storm water	Length (km) of gravel roads upgraded to block paved surface by June 2016	New KPI for 2015/2016	3,2	N/A	3,2	-	Achieved	N/A
Electricity	Improved access to basic services re: electricity	Maintain street lights by June 2016	New KPI for 2015/2016	600	N/A	600	-	Achieved	N/A
Water	Provision of new water supply	No of full service metered water supply points provided by June 2016	New KPI for 2015/2016	942	N/A	942	-	Achieved	N/A
Sanitation	Provision of new sanitation	No of full service sanitation points provided by June 2016	New KPI for 2015/2016	942	N/A	942	-	Achieved	N/A
Water	Ensure sustainable supply of water	No of water pipe leakages attended to and fixed by June 2016	New KPI for 2015/2016	1200	N/A	1200	-	Achieved	N/A
Sanitation	Ensure sustainable drainage of sewage from the households	No of blockages (sewer) attended to and fixed by June 2016	New KPI for 2015/2016	1200	N/A	1200	-	Achieved	N/A
Water	Improved reliability of water infrastructure re: water	Number of new water meters installed by 2016	New KPI for 2015/2016	400	N/A	400	-	Achieved	N/A

## Chapter 3

Basic Services	Ensure Building Plans submitted comply with minimum Building Standards	Number of Building Plans approved by June 2016	New KPI for 2015/2016	160	N/A	160	-	Achieved	N/A
Roads and Storm water	Maintain Storm water drainage system	Maintain Storm water drainage system by June 2016	New KPI for 2015/2016	2	N/A	2	-	Achieved	N/A
Roads and Storm water	Maintain Storm water drainage system	Maintain surfaced roads by June 2016	New KPI for 2015/2016	2	N/A	2	-	Achieved	N/A

## Chapter 3

### Infrastructure and Basic Service Delivery (Community Service)

KPA	Strategic Objective	KPI	Baseline	Annual Target	Revised Annual Target	Annual achievement	Variance	Reason for Variance	Corrective measures
Law enforcement	To collect outstanding traffic fines	Rand value income collected from income from outstanding traffic fines by June 2016	New KPI for 2015/2016	4 254 806,56	N/A	1 082 175,00	3 172 631,56	Periodic CCTV and Traffic truck breakdown which affects our collection	Constant repair, service and maintenance of our machines and equipment that are used for traffic fines collections
Law enforcement	To collect income	Rand Value income collected from Vehicle registrations and licensing renewals June 2016	New KPI for 2015/2016	12 950 000,00	N/A	2 995 046,95	9 954 953,05	N/A	N/A
Law enforcement	To collect income	Rand value income collected from drivers and leaners license June 2016	New KPI for 2015/2016	870 000,00	N/A	191 004,00	678 996,00	Examiner vehicles and divisional head public safety was arrested and these resulted in closing of testing station and reduction in revenue collection.	The station is opened and additional staff is recruited
Social Amenities	To protect school and crèche children on the roads	Traffic and road safety conducted at schools and crèche June 2016	New KPI for 2015/2016	50	N/A	45	5	Closure of Schools	Will maintain the target and schools open
Social Amenities	To maintain road signs and marks	% of identified faded road markings and signs painted and replaced June 2016	New KPI for 2015/2016	20%	N/A	15%	5%	Lack of cash flow as well as supply chain processes not being able to find material on time	Cash flow to be invested in maintenance of traffic signs and roads

## Chapter 3

Social Amenities	To maintain community halls	Number of community halls to be maintained June 2016	New KPI for 2015/2016	4	N/A	4	-	Achieved	N/A
Parks	To maintain parks and gardens	Number of parks and gardens to be maintained June 2016	New KPI for 2015/2016	1		1	-	Achieved	N/A
Libraries	To maintain community Libraries	Number of community Libraries to be maintained June 2016	New KPI for 2015/2016	6	N/A	6	-	Achieved	N/A
Cemeteries	To maintain community cemeteries	Number of community cemeteries to be maintained June 2016	New KPI for 2015/2016	7	N/A	7	-	Achieved	N/A
Waste Management	To provide rubbish disposal to the community	Number of additional rubbish disposal to be provided June 2016	New KPI for 2015/2016	5 000,00	N/A	0	5 000,00	No cash flow	N/A

## Chapter 3

### Annual Performance: Local Economic Development.

KPA	Strategic Objective	KPI	Baseline	Annual Target	Revised Annual Target	Annual achievement	Variance	Reason for Variance	Corrective measures
Local Economic Development	Enterprise development support	Number of Enterprise development supported by end December 2015	1	1	N/A	1	-	Achieved	A strategy be developed for increased entrepreneurial support
Local Economic Development	To create employment and skills opportunities for the unemployed and marginalised	Number of Jobs created through EPWP by end June 2016	110	100	N/A	145	- 45,00	Over achieved	N/A
Local Economic Development	To promote diverse Economic Development and Job creation	Number of Jobs created through municipality's LED by end December 2015	93	60	N/A	258	- 198,00	Over achieved	N/A
Local Economic Development	To provide platform for public and private sector engagement on local LED	Number of quarterly LED Forums meetings held by end June 2016	1	4	N/A	0	4,00	Lack of participation from stakeholders	Resuscitate the Forum with better functionality
Local Economic Development	SMME Development	Number of Jobs created through supported cooperative	0	7	N/A	0	7,00	No budget to implement LED initiatives	Council to start budgeting for LED

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## CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

### INTRODUCTION

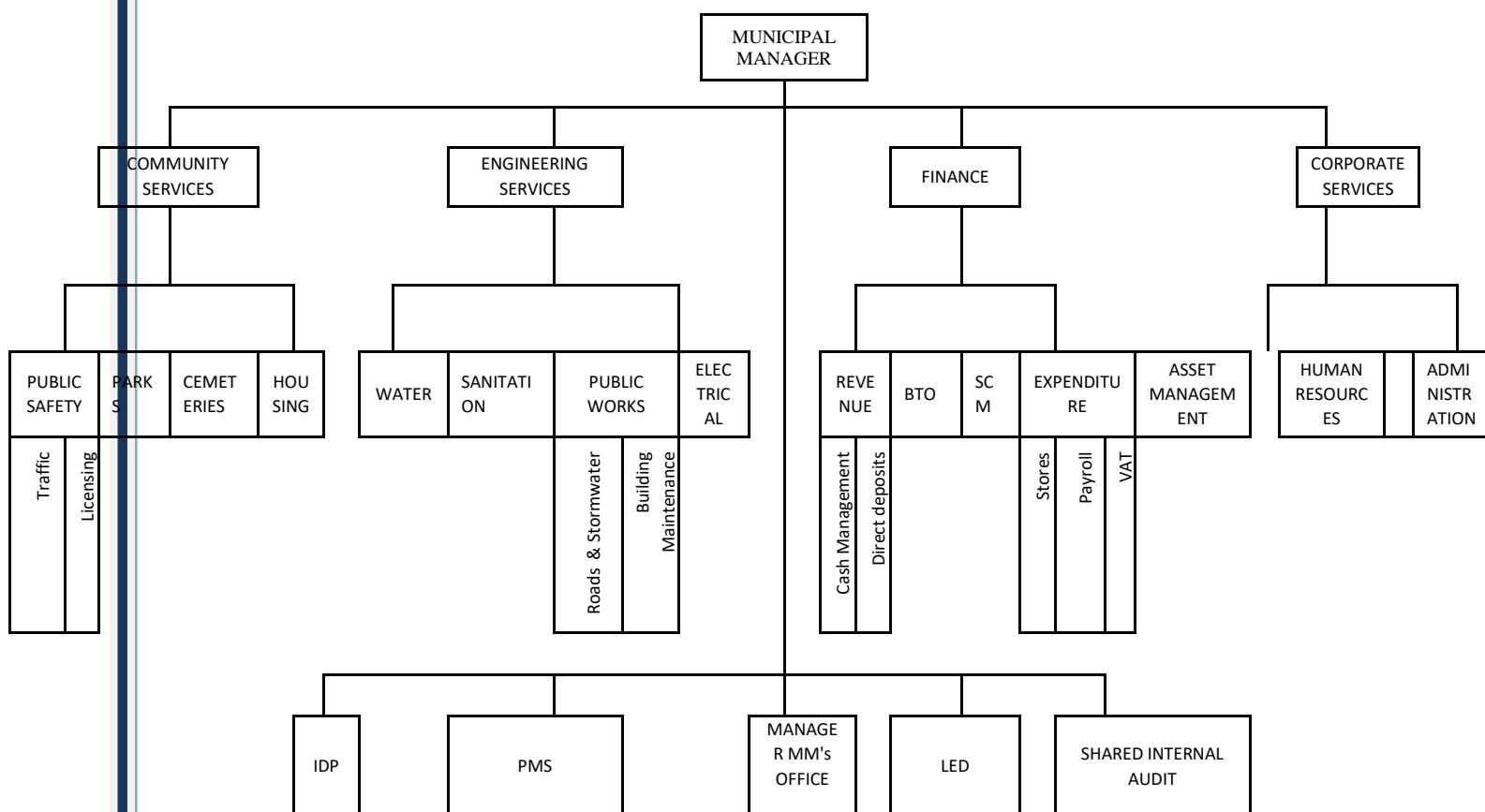
Organisational development and institutional transformation constitutes of the t following core functions: manpower planning, selection and recruitment, training and development, personnel management, occupational health and safety, labour relations, employment equity and employee wellness.

T 4.0.1

### COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

#### ORGANISATIONAL STRUCTURE

The main structure of Maquassi Hills Local Municipality consists of the Municipal Manager, and four departments, namely Corporate Services



#### 4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	Year -1	Year 0			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Water	35	36	36		%
Waste Water (Sanitation)	34	34	34		%
Electricity			11		%
Waste Management	54	57	35		%
Housing	3	3	8		%
Waste Water (Stormwater Drainage)					%
Roads	24	24	15		%
Transport	1	1			%
Planning	5	6	7	1	%
Local Economic Development	2	2	1	1	%
Planning (Strategic & Regulatory)	6	6			%
Finance	59	59	49		%
Community & Social Services	8	9	28		%
Environmental Protection	0	0	0		%
Health	2	3	1		%
Security and Safety	25	28	19		%
Sport and Recreation	0	0	0		%
Corporate Policy Offices and Other	25	28	19		%
<b>Totals</b>	<b>283</b>	<b>296</b>	<b>263</b>	<b>2</b>	<b>0</b>
T 4.1.1					



Vacancy rate			
Designation:	Total Approved Posts	Vacancies ( Total time that vacancy exist using full time equivalents	Vacancies ( as a proportion of total posts in each category
Municipal Manager	1	0	0
CFO	1	0	0
Other section 57 excluding finance posts	3	1	1
Other section 57 ( finance posts)	0	0	0
Police officers	0	0	0
Fire fighters	3	0	0
Senior management levels 01--03 (excluding finance posts)	10	2	2
Senior management levels 01-03 (finance posts)	6	2	2
Highly skilled levels 4-6 (excluding finance posts)	13	5	5
Highly skilled levels 4-6 (finance posts)	4	0	0
TOTAL	36	10	10
Note:			
T 4.1.2			

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
Year -2	8	20	250%
Year -1	21	22	105%
Year 0	27	20	74%
* Divide the number of employees who have left the organisation within a year, by total number of employees who occupied posts at the beginning of the year			T 4.1.3

#### COMMENT ON VACANCIES AND TURNOVER:

All senior management positions are filled except for Director Community Services and Chief Finance Officer. All supervisory positions are filled, however we need to speed up the filling of other critical posts.

T 4.1.4

### COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

#### INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

We developed relevant and administratively sound policies such as Employment Policy, Skills Development etc. Our daily workforce management is guided by all these policies mentioned in table below.

T 4.2.0

## 4.2 POLICIES

HR Policies and Plans			
Name of policy/ plan	Completed	Reviewed	Date adopted by council or comment on failure to adopt
Affirmative action	0		
Attraction and retention	0		
Code of conduct for employees	100%		Regulated by the SALGC Collective agreement on disciplinary procedures and codes- 2012
Delegation, authorisation and responsibilities	75%		
Disciplinary procedures	100%		Regulated by the SALGC Collective agreement on disciplinary procedures and codes – 2012
Essential services	100%	0%	11-02 -2002
Employee wellness assistance	0%		Regulated by the SALGC Collective agreement on disciplinary procedures and codes- 2012
Employment Equity	100%	20%	10-08-2011, the Director General of Department of Labour recommended that it be reviewed
Exit management	0%	0%	
Grievance procedure	100%		Regulated by the SALGC Collective agreement on disciplinary procedures and codes- 2012
HIV/AIDS	100%	0%	30 April 2002
Humana Resources Training and Development	100%	0%	21 – 01 -2013
Information Technology	0%		
Job Evaluation			
Leave	100%		5 – 12- 2011
Occupational Health and Safety	0%		
Official Housing	0%		
Official journeys	0%		
Official transport to attend funerals	0%		
Official working Hours and overtime	50%		The draft needs to be workshopped to Council before it is adopted
Organisational rights	100%		Regulated by the SALGC Collective agreement on organisational rights 2005
Payroll deductions	0%		
Performance Management Systems	100%	100%	12 April 2011
Employment policy	100%	50%	Adopted – 30 09-2008 and the draft review needs to be workshopped to Council before it is adopted
Remuneration scales and allowances	100%		Regulated by SALGBC and its determined annually
Resettlement	0%		
Sexual harassment	100%	0%	30 April 2002
Skills development	100%		21-01-2013
Workplace Smoking	100%		30 – 04 - 2004
Special skills	0%		
Work organisation	0%		
Dress code	100%	0%	26-02 - 2008
Other ( allowances), internet and cell	100%		

phone, travel allowance, acting allowance			
<b>COMMENT:</b> Many policies have been developed in order to avoid inconsistencies in dealing with day to day operational matters. Workshops are often held with Councillors before they adopt the policy which gives them added knowledge on municipal information and operations and assisting them in enhancing their oversight role			

#### COMMENT ON WORKFORCE POLICY DEVELOPMENT:

All policies are fully developed, adopted by council and implemented by the administration.

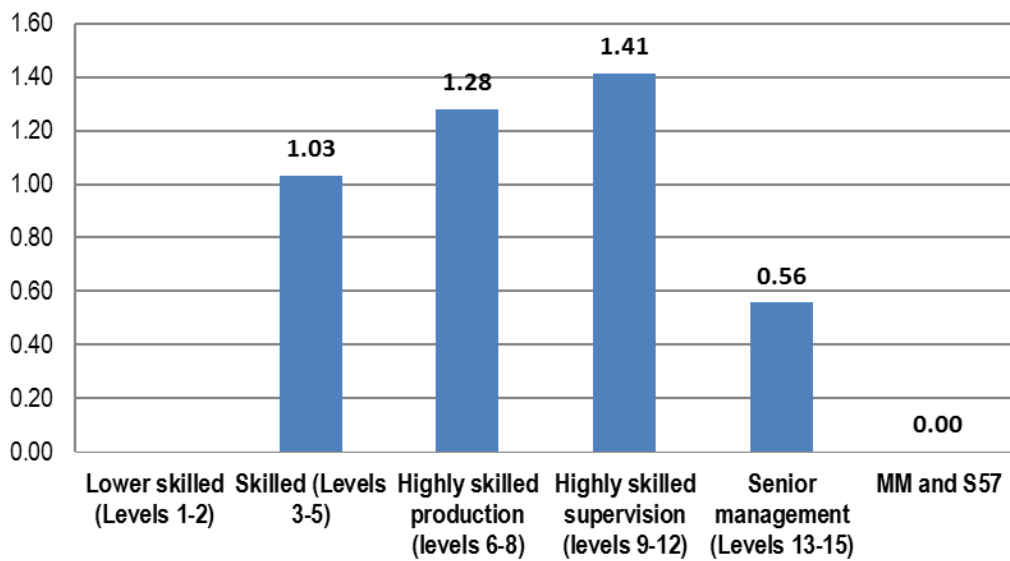
T 4.2.1.1

### 4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken	Employees using injury leave	Proportion employees using sick leave	Average Injury Leave per employee	Total Estimated Cost
Required basic medical attention only	0	0		0	0
Temporary total disablement	1	1	100%	0	0
Permanent disablement	0	0	0%	0	0
Fatal	0	0	0%	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>100%</b>	<b>0</b>	<b>0</b>
T4.3.1					

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	272	6%	108	139	1.03	102 038
Highly skilled production (levels 6-8)	338	5%	97	46	1.28	83 794
Highly skilled supervision (levels 9-12)	373	17%	130	59	1.41	72 664
Senior management (Levels 13-15)	147	7	35	16	0.56	71 306
MM and S57	0	3%	1	4	0.00	0
<b>Total</b>	<b>1130</b>	<b>8%</b>	<b>371</b>	<b>264</b>	<b>4.28</b>	<b>1 029 802</b>
T 4.3.2						

### Average Number of Days Sick Leave (excluding IOD)



T 4.3.3

**COMMENT ON INJURY AND SICK LEAVE:**

Even though there was no any injury case recorded, employees who regularly take sick leave are not monitored by the municipal doctor but their records are kept and maintained

*T 4.3.4*

Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
none	none	none	none	none
none	none	none	none	none
none	none	none	none	none
none	none	none	none	none
none	none	none	none	none
none	none	none	none	none
none	none	none	none	none
none	none	none	none	none
none	none	none	none	none
none	none	none	none	none
<b>No officials were suspended</b>				<i>T 4.3.5</i>

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
none	none	none	none
none	none	none	none
none	none	none	none
none	none	none	none
none	none	none	none
none	none	none	none
<b>No cases on financial Misconduct</b>			
T 4.3.6			

<p>COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT:</p> <p>No Suspension nor Financial Misconduct.</p>	T 4.3.7
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#### 4.4 PERFORMANCE REWARDS

Performance Rewards By Gender					
Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards Year 1 R' 000	Proportion of beneficiaries within group %
Lower skilled (Levels 1-2)	Female	none	none	none	none
	Male	none	none	none	none
Skilled (Levels 3-5)	Female	none	none	none	none
	Male	none	none	none	none
Highly skilled production (levels 6-8)	Female	none	none	none	none
	Male	none	none	none	none
Highly skilled supervision (levels 9-12)	Female	none	none	none	none
	Male	none	none	none	none
Senior management (Levels 13-15)	Female	none	none	none	none
	Male	none	none	none	none
MM and S57	Female	none	none	none	none
	Male	none	none	none	none
Total		0	0	0	0
No performance bonus were rewarded only mandatory Annual bonus.					

T 4.4.1

I

COMMENT ON PERFORMANCE REWARDS:

Performance bonus will be awarded to all deserving Senior Managers for this financial Year.

*T 4.4.1.1*

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

Capacity building is the cornerstone of our human Resource Department in a sense all Department are capacitated according to their needs.

*T 4.5.0*

#### 4.5 SKILLS DEVELOPMENT AND TRAINING

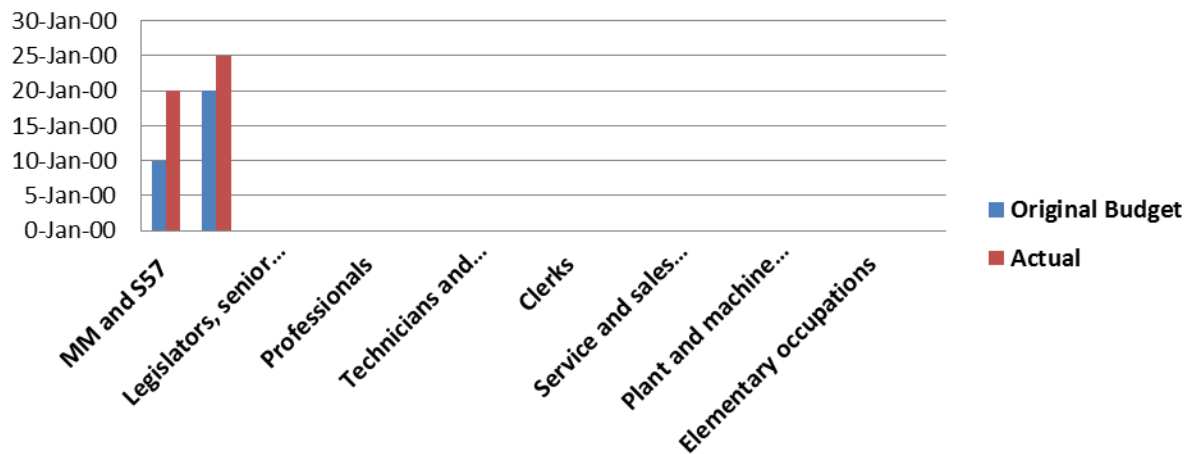
Management level	SKILLS MATRIX						TOTAL
	Gender		Employees in the post as at June 2015	Learnerships	Skills programmes and other short courses	Other forms of training	
MM and S 57	F		0	0	0	0	0
	M		4	2	2	0	8
Councillors , senior managers and managers	F		12	7	3	3	25
	M		23	15	13	2	53
Technicians and associate professionals	F		4	0	0	0	4
	M		30	0	2	0	32
Professional	F		3	3	0	0	6
	M		5	5	0	0	10
Sub Total	F		19	10	3	3	35
	M		62	22	17	2	103
<b>TOTAL</b>			<b>81</b>	<b>32</b>	<b>20</b>	<b>5</b>	<b>138</b>
T 4.5.1							

## Financial Competency Development: Progress Report

Designation	Total number of officials employed by municipality	Total number of officials employed by municipalities	Consolidated: Total And B	Consolidated : Competency assessment completed for A and B ( REGULATION 14 (4) ( b) and (d)	Consolidated: Total number of officials whose performance agreements comply with regulation 16 ( regulation 14 (4) (f)	Consolidated : Total number of officials that meet prescribed competency level ( Regulation (14)
Financial Officials						
Accounting Officer	1	0	1	0	1	0
Chief Finance Officer	1	0	1	1	1	1
Senior managers	2	0	2	0	2	0
Any other financial official	42	0	42	19	0	19
Supply Chain Management officials	3	0	3	2	0	2
Head of supply chain units	1	0	1	1	0	1
Supply chain management senior managers	0	0	0	0	0	0
<b>TOTAL</b>	<b>52</b>	<b>0</b>	<b>52</b>	<b>23</b>	<b>4</b>	<b>23</b>
COUNCIL SENT ITS FINANCE OFFICIALS TO LOCAL GOVERNMENT ACCOUNTING CERTIFICATE, CPMD , MFMA and SUPPLY CHAIN MANAGEMENT IN ORDER TO ADDRESS COMPETENCY GAPS AS PER 2007 NATIONAL TREASURY REGULATIONS:						
T 4.5.2						

Skills Development Expenditure										
										R'000
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 1							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and S57	Female	0	0	0	0	0	0	0	0	0
	Male	2	400 0000	400 0000	0	0	0	0	400 0000	400 0000
Legislators, senior officials and managers	Female	4	680000	680000	0	0	0	0	680 000	680 000
	Male	8	0	0	0	0	0	0	0	0
Professionals	Female	0	0	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0	0	0
Technicians and associate professionals	Female	0	0	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0	0	0
Clerks	Female	0	0	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0	0	0
Service and sales workers	Female	0	0	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0	0	0
Elementary occupations	Female	0	0	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0	0	0
Sub total	Female	0	0	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0	0	0
Total		14	1 080 000.000	1 080 000.00					1 080 000.00	1 080 000.00
									%*	*R
T4.5.3										

## Skills development Budget



### COMMENT ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS:

The municipality adopts WSP as required by Skills Development Act but the implementation part is more often frustrated by lack of internal funding, training in silos and late approvals of applications by LGSETA. In most cases variance is caused by lack of internal funding to complement budget. The municipality trained all supply chain management and Certificate in Municipal Finance Level 6. The Accounting Officer and other senior manager are currently enrolled for MFMA.

T 4.5.

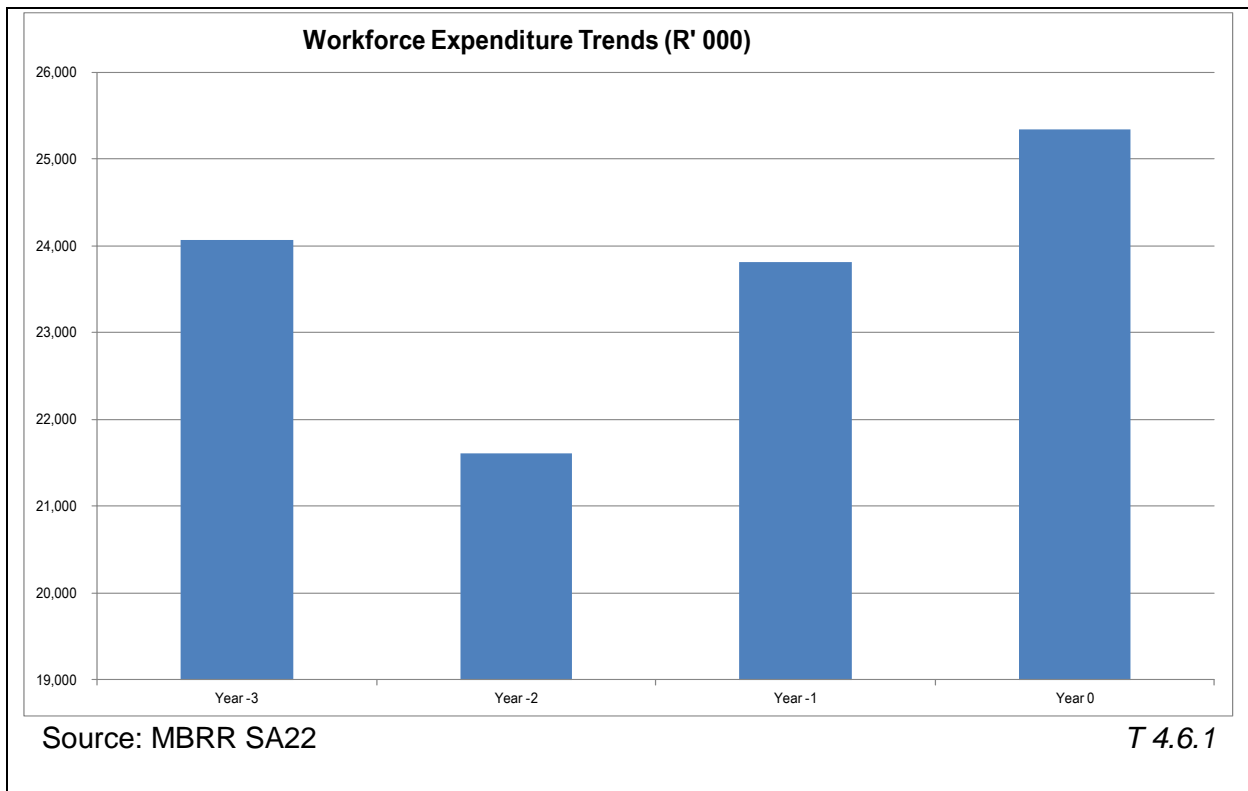
## COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

### INTRODUCTION TO WORKFORCE EXPENDITURE

The importance of managing workforce expenditure is to ensure that whoever is recruited is will bring value for money and recruitment should be based on approval of the establishment and the budget.

*T 4.6.0*

## 4.6 EMPLOYEE EXPENDITURE



### COMMENT ON WORKFORCE EXPENDITURE:

For the past two financial years are workforce expenditure has been a little bit higher than the norm, between 30 and 40 % due to our expenditure on overtime and standby but for the current financial year we have significantly reduced expenditure on overtime.

*T 4.6.1.1*

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	None
	Male	None
Skilled (Levels 3-5)	Female	None
	Male	None
Highly skilled production (Levels 6-8)	Female	None
	Male	None
Highly skilled supervision (Levels9-12)	Female	None
	Male	None
Senior management (Levels13-16)	Female	None
	Male	None
MM and S 57	Female	None
	Male	none
Total		0
<b>COMMENT: NO employee salary where increased due to the upgrading of the position as the process of job evolution is yet to start</b>		
		T 4.6.2

Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
none	none	none	none	none
none	none	none	none	none
none	none	none	none	none
none	none	none	none	none
none	none	none	none	none
<b>No employee's salary level exceed grading, as job evaluation is yet to start.</b>				
				T 4.6.3



Employees appointed to posts not approved				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exist
none	none	none	none	none
none	none	none	none	none
none	none	none	none	none
none	none	none	none	none
none	none	none	none	none
No employee was appointed in the position which is not approved in the structure as it is not in line with MSA				T 4.6.4

COMMENT ON UPGRADED POSTS AND THOSE THAT ARE AT VARIANCE WITH NORMAL PRACTICE:
Not applicable
T 4.6.5

DISCLOSURES OF FINANCIAL INTERESTS
There is always reluctance or unwillingness to disclose as the forms are consistently forwarded to affected staff and councillors but some councillors completed their financial disclosures.
T 4.6.6

## CHAPTER 5 – FINANCIAL PERFORMANCE

### INTRODUCTION

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter comprises of three components:

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Other Financial Matters

We had developed our tariffs in line with the guidelines from National Treasury in so far as the Bulk Service providers increases were concerned and the anticipated CPIX. The application of cross subsidisation of other services by other more economical services also played a part to some degree. We did however face financial constraints, which would result in us not being able to meet all our financial obligations, due to the fact that we are having a customer base of mainly indigent consumers and even from the business points of view, we do not have so many well established business in our locality.

On the issue of consultancy fees we employed the services of the following service providers.

*T 5.0.1*

### COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

#### INTRODUCTION TO FINANCIAL STATEMENTS

For comments refer to table T5.1.1

*T 5.1.0*

## 5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Financial Summary						
R' 000						
Description	Year 2014/2015	Year 2015/216			Year 0 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
<b>Financial Performance</b>						
Property rates	27,202	31,160	30,813	30,971	1%	0.51%
Service charges	126,214	167,993	119,226	136,864	-23%	12.89%
Investment revenue	34,375	33,132	39,840	42,876	129%	107%
Transfers recognised - operational	117,954	123,300	125,652	144,138	117%	114%
Other own revenue	31,647	31,851	23,515	81,746	256%	343%
<b>Total Revenue (excluding capital transfers and contributions)</b>	337,392	387,436	339,046	436,595	113%	129%
Employee costs	61,182	71,635	68,675	65,769	-9%	-4.42%
Remuneration of councillors	6,767	6,797	7,240	7,164	5%	-1.06%
Depreciation & asset impairment	55,655	34,758	34,758	41,679	17%	16.61%
Finance charges	12,617	3,578	2,267	6,613	46%	65.72%
Materials and bulk purchases	78,599	78,743	73,000	89,374	12%	18.32%
Transfers and grants	–	–	–	–		
Other expenditure	111,783	147,831	144,658	131,171	-13%	-10.28%
<b>Total Expenditure</b>					0%	3.27%

	326,603	343,342	330,598	341,771		
<b>Surplus/(Deficit)</b>	10,789	44,094	8,448	94,824	215%	1122%
Transfers recognised - capital	28,320	26,952	58,521	47,821	44%	-22.38%
Contributions recognised - capital & contributed assets	–	–	–	–		
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	(17,531)	17,142	(50,073)	47,003	-274%	-94%
Share of surplus/ (deficit) of associate						
<b>Surplus/(Deficit) for the year</b>	(17,531)	17,142	(50,073)	47,003	-274%	-94%
<b><u>Capital expenditure &amp; funds sources</u></b>						
<b>Capital expenditure</b>	–	–	–	–		
Transfers recognised - capital	28,320	26,952	58,521	47,821	44%	-22.38%
Public contributions & donations						
Borrowing						
Internally generated funds						
<b>Total sources of capital funds</b>	28,320	26,952	58,521	47,821	44%	-22.38%
<b><u>Financial position</u></b>						
Total current assets	81,319	36,370	40,263	90,503	60%	55.51%
Total non-current assets	952,257	655,205	847,175	987,962	34%	14.25%
Total current liabilities	189,108	204,926	226,944	191,573	-7%	-18.46%
Total non-current liabilities	63,667	92,366	83,091	69,163	-34%	-20.14%
Community wealth/Equity	780,801	394,283	577,404	817,728	207%	142%
<b>Cash flows</b>						

Net cash from (used) operating	30,915	25,144	(5,150)	34,923	139%	-678%
Net cash from (used) investing	(28,337)	(27,235)	(58,804)	42,659	157%	-73%
Net cash from (used) financing	(2,959)	(1,950)	(1,950)	(1,991)	2%	2.07%
<b>Cash/cash equivalents at the year end</b>	13,673	(9,341)	(71,203)	3,945	337%	1904.70%
<b><u>Cash backing/surplus reconciliation</u></b>						
Cash and investments available	13,673	(9,341)	(71,203)	3,945	-42%	-5.5%
Application of cash and investments	5,586	2,571	3,558	5,811	56%	38.78%
<b>Balance - surplus (shortfall)</b>	8,087	(11,912)	(74,761)	(1,866)	15.6%	-31%
<b><u>Asset management</u></b>						
Asset register summary (WDV)	885,765	655,165	846,403	921,470	29%	8.15%
Depreciation & asset impairment	55,655	34,758	34,758	41,679	17%	16.61%
Renewal of Existing Assets	–	–	–	–		
Repairs and Maintenance	11,838		12,845	13,466	100%	4.62%
<b><u>Free services</u></b>						
Cost of Free Basic Services provided	1,360		1,706	4,127	59%	58.65%
Revenue cost of free services provided	1,741	–	–	5,282	100%	100.00%
<b><u>Households below minimum service level</u></b>						
Water:	1,202	-	-	3000	100%	100.00%
Sanitation/sewerage:		-	-	3000	100%	100.00%

	1,202					
Energy:	16,784	-	-	3000	100%	100.00%
Refuse:	-	-	-	4406	100%	100.00%
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A1</i>						<i>T 5.1.1</i>

Financial Performance of Operational Services						
R '000						
Description	Year 2014/15	Year 2015/16			Year 0 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
<b>Operating Cost</b>						
Water	68,488	71,345	66,445	61,315	-16.36%	-8.37%
Waste Water (Sanitation)	12,956	21,181	26,482	12,663	-67.27%	-109.14%
Electricity	34,024	34,471	37,461	48,449	28.85%	22.68%
Waste Management	8,581	5,717	6,213	5,443	-5.04%	-14.16%
Housing	6,660	4,051	2,820	2,591	-56.36%	-8.84%
Component A: sub-total	130,708	136,765	139,421	130,460	-4.83%	-6.87%
Waste Water (Stormwater Drainage)	–	–	–	–	0.00%	0.00%
Roads	12,507	12,577	12,224	7,697	-63.40%	-58.81%
Transport	–	–	–	–	0.00%	0.00%
Component B: sub-total	12,507	12,577	12,224	7,697	-63.40%	0.00%
Planning					0.00%	0.00%
Local Economic Development		701	724	510	-37.51%	-42.17%
Component B: sub-total	–	701	724	510	0.00%	0.00%
Planning (Strategic & Regulatory)	–	–	–	–	0.00%	0.00%
Local Economic Development	–	–	–	–	0.00%	0.00%
Component C: sub-total	–	–	–	–	0.00%	0.00%
Community & Social Services	7,936	5,133	5,562	4,530	-13.30%	-22.77%
Environmental Protection	–	–	–	–	0.00%	0.00%
Health	224	119	126	124	0.00%	0.00%
Security and Safety	12,283	17,525	16,932	19,194	0.00%	0.00%
Sport and Recreation	–	–	–	–	0.00%	0.00%
Corporate Policy Offices and Other	162,944	170,524	155,601	179,256	0.00%	0.00%
Component D: sub-total					4.83%	12.25%

	183,388	193,301	178,221	203,104		
<b>Total Expenditure</b>	<b>326,603</b>	<b>343,343</b>	<b>330,591</b>	<b>341,771</b>	-0.46%	3.27%

In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.

T 5.1.2

#### COMMENT ON FINANCIAL PERFORMANCE:

The majority of variances which have gone beyond 10% particularly those that are cash related due to cash flow challenges. Our average payment rate for services for the entire year was 45%.

T5.1.3



## 5.2 GRANTS

Grant Performance						
R' 000						
Description	Year 2014/15	Year 2015/16			Year 0 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
<b>Operating Transfers and Grants</b>						
<b>National Government:</b>	<b>116,940</b>	<b>122,374</b>	<b>124,702</b>	<b>142,451</b>	14%	12%
Equitable share	85,790	92,476	91,878	91,878	-1%	0%
Municipal Systems Improvement	934		320	930	100%	66%
Department of Water Affairs	–	–	1,000	–	-	-
Levy replacement	–		–	–	-	-
Other transfers/grants [social services]	–			–	-	-
Fire Brigade Grant	–				-	-
Regional bulk infrastructure grant	–					
Municipal Infrastructure Grant	27,520	27,195	28,219	46,968	42%	40%
EPWP	1,508	1,083	1,000	1,000	-8%	0%
Finance Management Grant	1,188	1,620	2,285	1,675	3%	-36%
<b>Provincial Government:</b>	<b>835</b>	<b>926</b>	<b>950</b>	<b>1,395</b>	34%	32%
Health subsidy	–			–		
Housing	–			–		
Ambulance subsidy	–			–		
Sports and Recreation	–			–		
Other transfers/grants [social services]	–	–	–	–		
Library Grant	835	926	950	1,395	34%	32%
<b>District Municipality:</b>	<b>179</b>	<b>–</b>	<b>–</b>	<b>292</b>	100%	100%
<i>Dr Kenneth Kaunda District Municipality</i>					100%	100%

	179			292		
<b>Other grant providers:</b> <i>[insert description]</i>	-	-	-	-		
<b>Total Operating Transfers and Grants</b>	<b>117,954</b>	<b>123,300</b>	<b>125,652</b>	<b>144,138</b>	<b>14%</b>	<b>13%</b>
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.</i>						
						T 5.2.1

#### COMMENT ON OPERATING TRANSFERS AND GRANTS:

There was an over budget and under budget (not proper budgeting) in so far as certain grants are concerned, hence there was a substantial difference.

T 5.2.2

Grants Received From Sources Other Than Division of Revenue Act (DoRA)						
Details of Donor	Actual Grant Year 2013/14	Actual Grant Year 2014/15	Year 2014/15 Municipal Contribution	Date Grant terminates	Date Municipal contribution terminates	Nature and benefit from the grant received, include description of any contributions in kind
<b>Parastatals : NONE</b>						
A - "Project 1"	none	none	none	none	none	none
A - "Project 2"	none	none	none	none	none	none
B - "Project 1"	none	none	none	none	none	none
B - "Project 2"	none	none	none	none	none	none
<b>Foreign Governments/Development Aid Agencies : NONE</b>						
A - "Project 1"	none	None	none	none	none	none
A - "Project 2"	none	none	none	none	none	none
B - "Project 1"	none	none	none	none	none	none
B - "Project 2"	none	none	none	none	none	none
<b>Private Sector / Organisations : NONE</b>						
A - "Project 1"	none	none	none	none	none	none
A - "Project 2"	none	none	none	none	none	none
B - "Project 1"	none	none	none	none	none	none
B - "Project 2"	none	none	none	none	none	none
<i>Provide a comprehensive response to this schedule</i>						T 5.2.3

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#### COMMENT ON CONDITIONAL GRANTS AND GRANT RECEIVED FROM OTHER SOURCES:

No other conditional grants and grants were received for other sources.

T 5.2.4

### 5.3 ASSET MANAGEMENT

#### INTRODUCTION TO ASSET MANAGEMENT

We have an approved Procurement Policy which guides the procurement of Assets. Asset Details such as description, classification, useful life, location, supplier, and cost price are captured on the Capitalisation of Asset Form. Asset Manager is doing monthly Asset reconciliation. Verification of Assets is done once a year by the Asset Management Unit. A unique Barcode is used to identify our Assets.

T 5.3.1

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 2015/16				
Asset 1				
Name	Sewer Reticulation for 500 stands			
Description	Sewer Reticulation for 500 stands in Kgakala			
Asset Type	Infrastructure			
Key Staff Involved	James Muller			
Staff Responsibilities	manager: sewer			
Asset Value	Year 2012/13	Year 2013/14	Year 2014/15	Year 2015/16
				10 007 952
Capital Implications	MIG budget			
Future Purpose of Asset	expand the sewer network to increase capacity			
Describe Key Issues				
Policies in Place to Manage Asset	fixed assets management policy			
Asset 2				
Name	Water Reticulation for 500 stands			
Description	Water Reticulation for 500 stands in Kgakala			
Asset Type	Infrastructure			
Key Staff Involved	James Muller			
Staff Responsibilities	manager: Sewer			
Asset Value	Year 2012/13	Year 2013/14	Year 2014/15	Year 2015/16
				14 281 824.00
Capital Implications	MIG Funding			
Future Purpose of Asset	avail water to new settlements			
Describe Key Issues				
Policies in Place to Manage Asset	fixed assets management policy			
Asset 3				
Name	Installation of Water Meters			
Description	Supply and installation of Water meters to replace old ones.			
Asset Type	Infrastructure			
Key Staff Involved	James Muller			
Staff Responsibilities	manager: Sewer & Water			
Asset Value	Year 2012/13	Year 2013/14	Year 2014/15	Year 2015/16
				2000 000
Capital Implications				
Future Purpose of Asset	To help save water and assist with the billing of users.			
Describe Key Issues				
Policies in Place to Manage Asset	fixed assets management policy			
T 5.3.2				

COMMENT ON ASSET MANAGEMENT:

Completion certificates, MIG Reports and physical inspection confirm the existence of the projects mentioned in T5.3.2 and the said projects are captured in the Capitalisation of Assets Form.

T 5.3.3

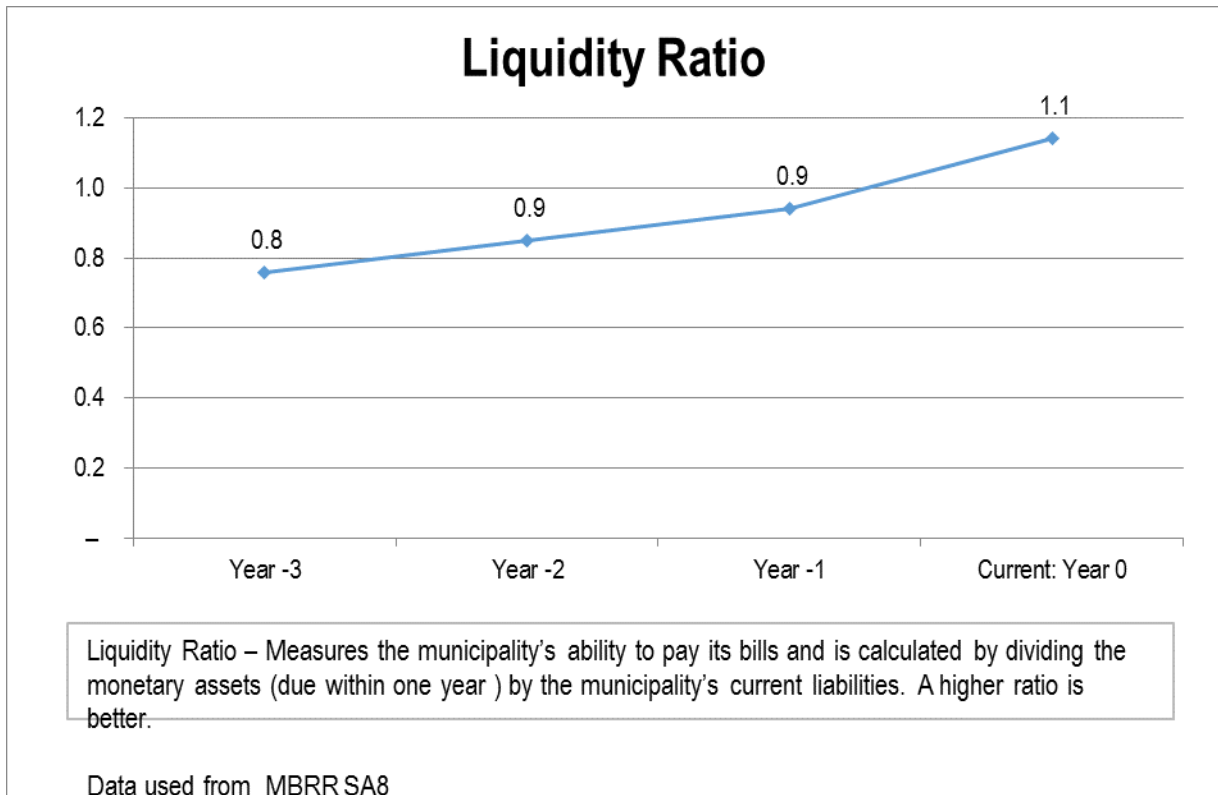
Repair and Maintenance Expenditure: Year 2015/16				
				R' 000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	12,895	12,895	13,466	-4%
T 5.3.4				

COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:

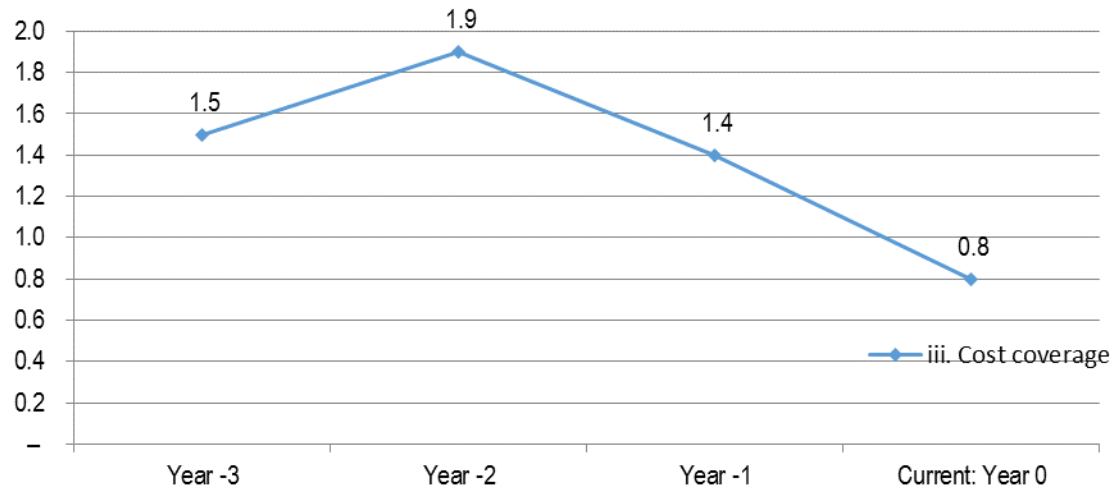
Our infrastructure is very old and as a result requires more maintenance. We still need more funds as the failure of the municipality to repair and maintain, which causes water and sometimes electricity losses which affect our revenue as well. The ideal situation will be to replace it, but due to financial constraints this was not feasible.

T 5.3.4.1

## 5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS



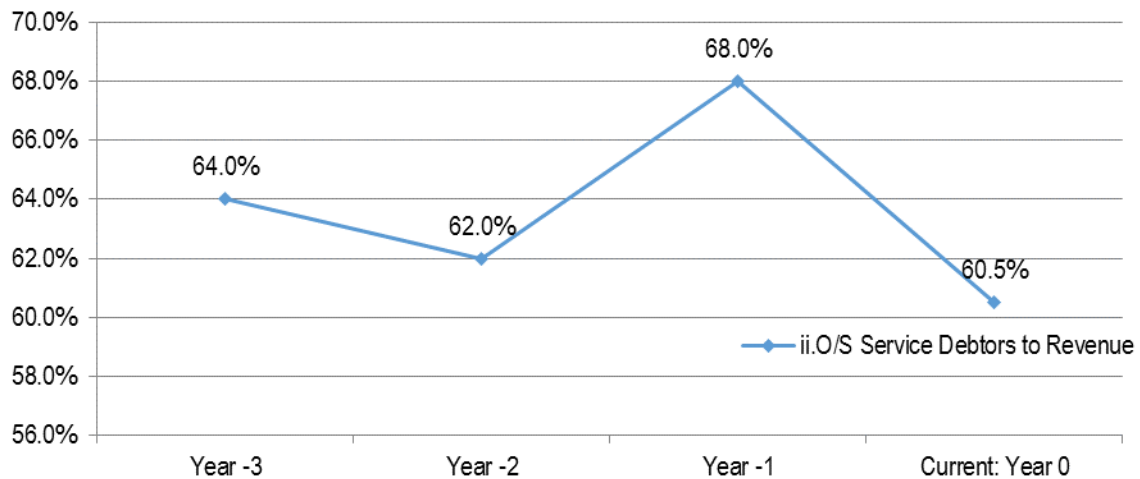
## Cost Coverage



Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

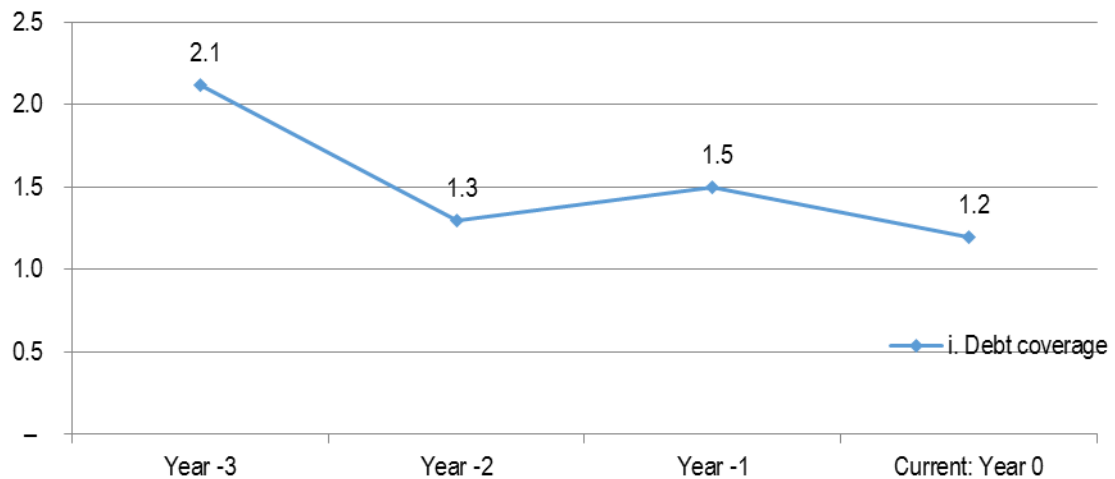
Data used from MBRR SA8

## Total Outstanding Service Debtors



Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower score is better.

## Debt Coverage



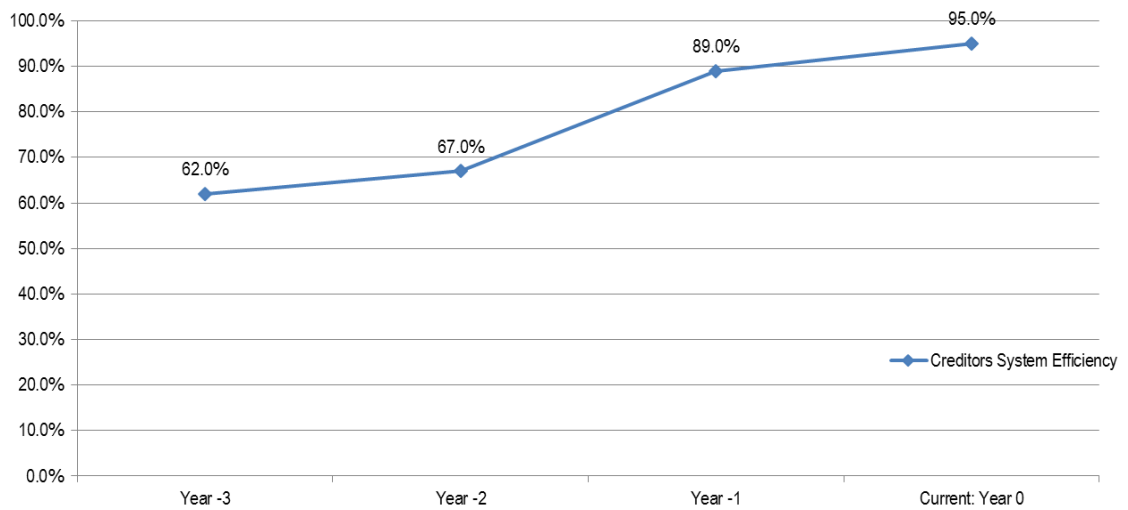
Debt Coverage– The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality

Data used from MBRR SA8

T 5.4.4



### Creditors System Efficiency

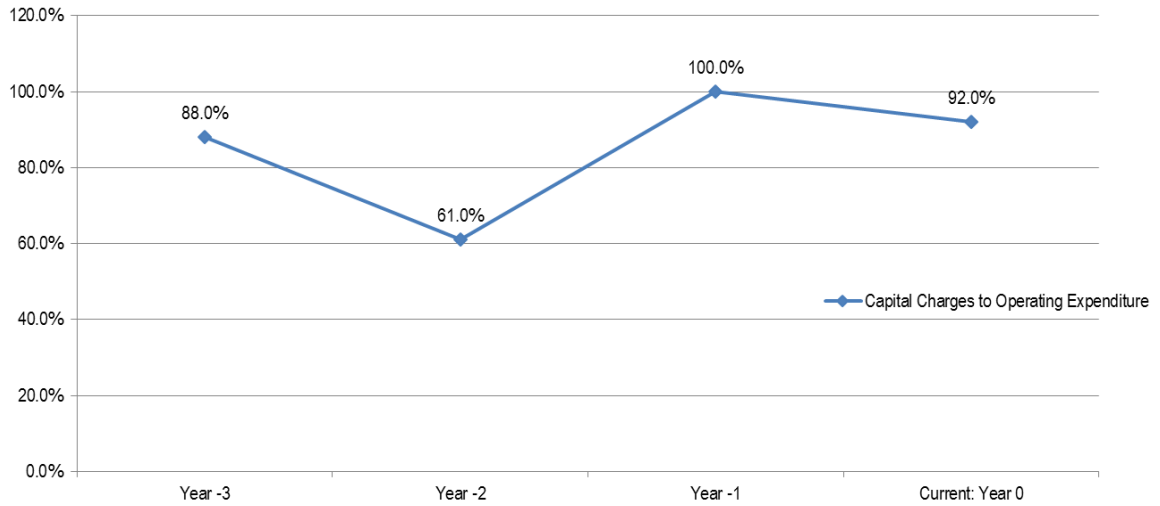


Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

Data used from MBRR SA8

T 5.4.5

### Capital Charges to Operating Expenditure

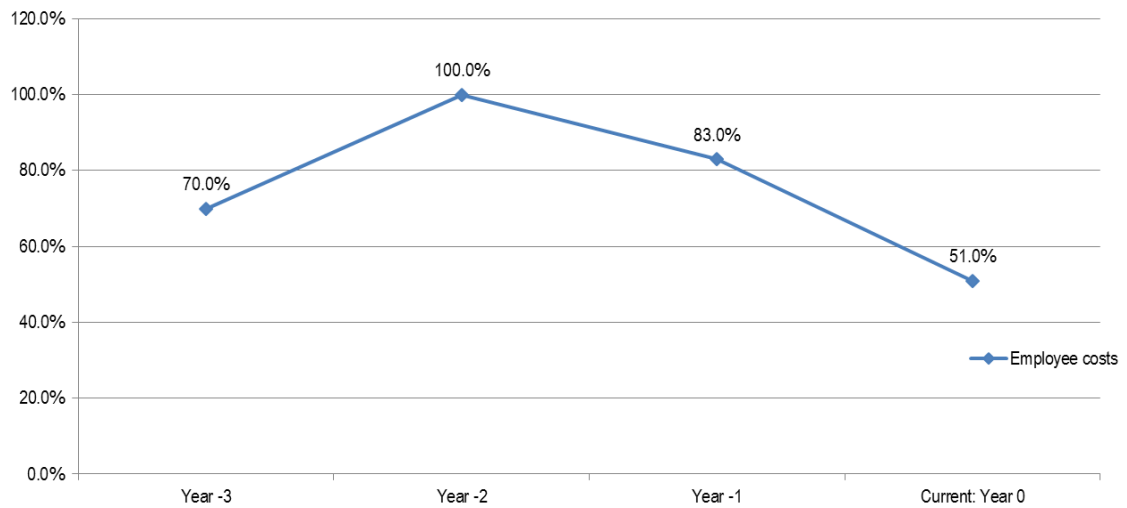


Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

Data used from MBRR SA8

T5.4.6

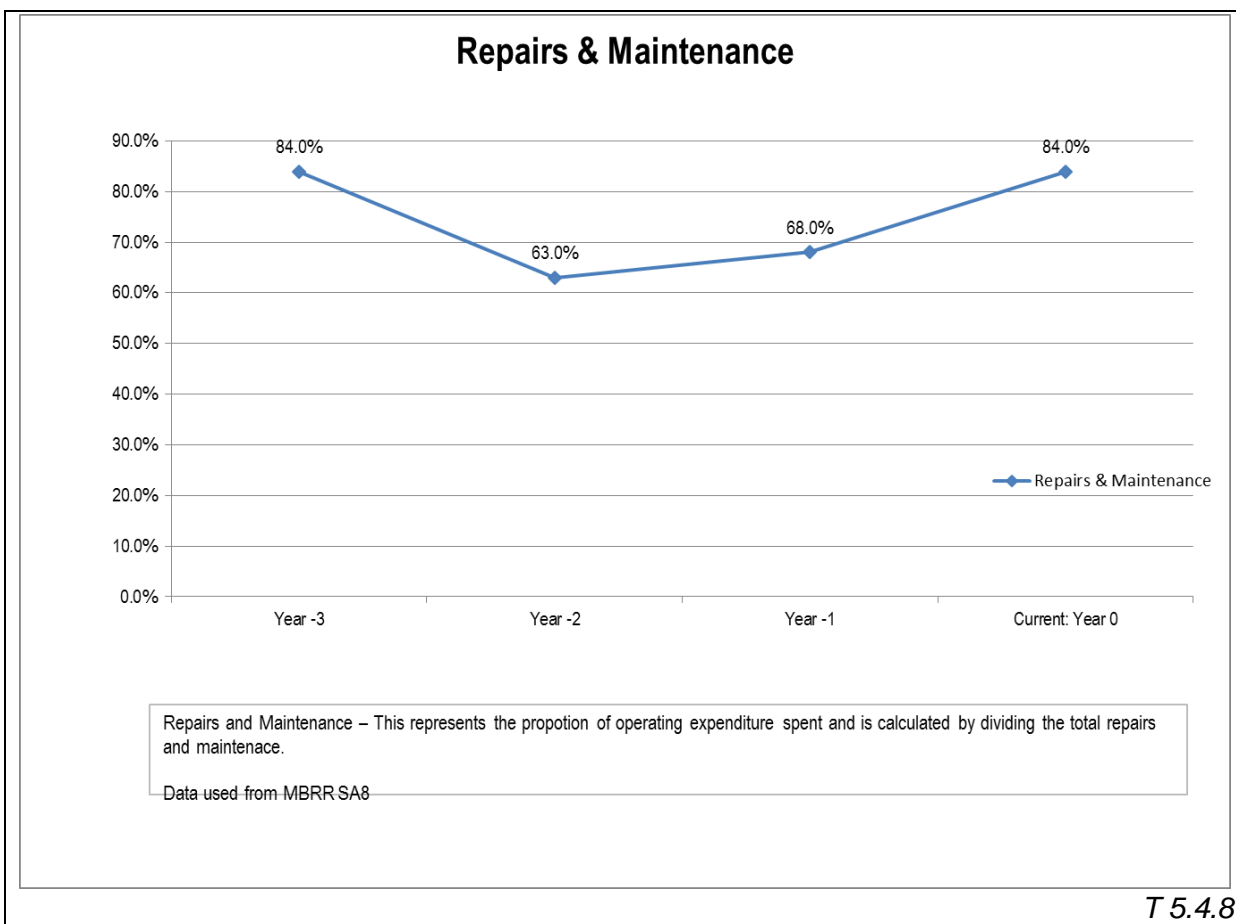
## Employee Costs



Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

Data used from MBRR SA8

T 5.4.7



### COMMENT ON FINANCIAL RATIOS:

The municipality has not been in a sound financial position, in view of the fact that our payment and debt collection success rate has been 45% on average monthly and most of the time we could not attend to many of our financial obligations as required by law. This has also affected our spending pattern on maintenance and repairs which if not attended to accordingly, would result in poor service delivery.

**T 5.4.9**

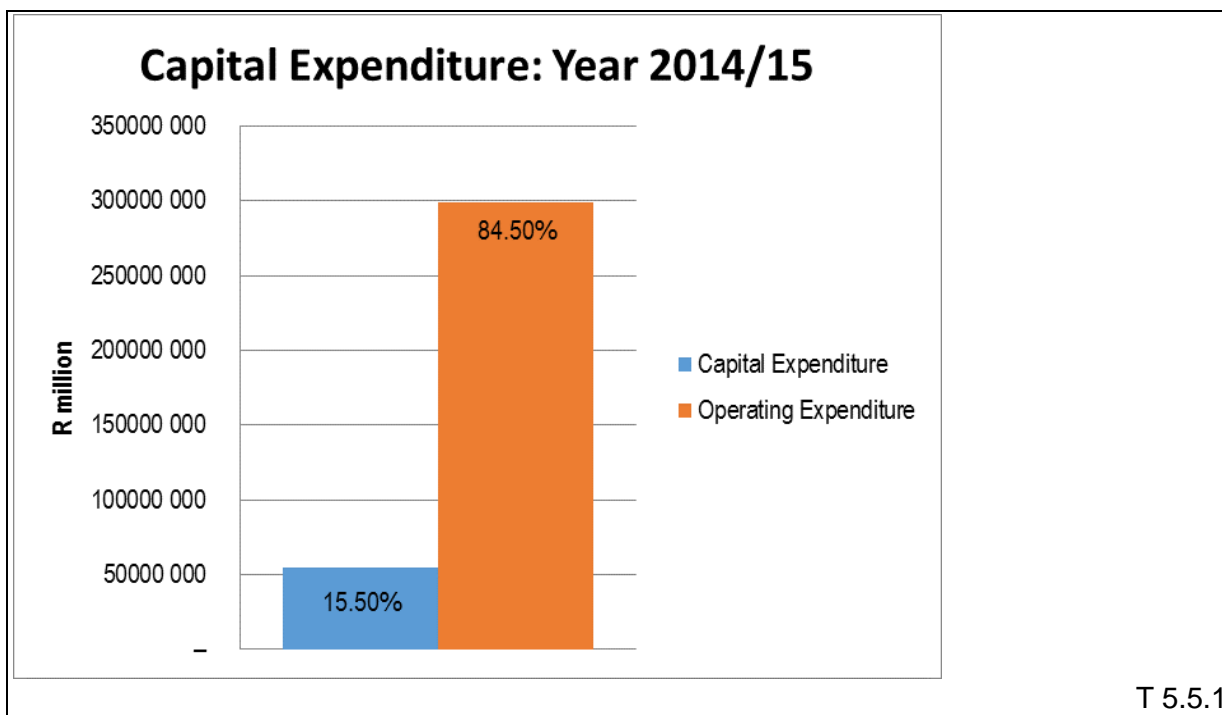
## COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

### INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

There were two major capital projects during the 2015/2016 financial year, construction of water reticulation project in Kgakala and Upgrading of Roads and Stormwater in Lebaleng ext 5 - Phase 3, funded from the Municipal Infrastructure Grant (MIG). Expenditure of the grant fund is 100%.

**T 5.5.0**

## 5.5 CAPITAL EXPENDITURE



## 5.6 SOURCES OF FINANCE

Capital Expenditure - Funding Sources: Year -1 to Year 0							
R' 000							
Details		Year 2014/15	Year 2015/16				
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance							
	External loans	–	–	–	–		
	Public contributions and donations	–	–	–	–		
	Grants and subsidies	28,320	26,952	58,521	42,781	117.13%	77.43%
	Other	–	–	–	34,908		
Total		28,320	26,952	58,521	77,689		
Percentage of finance							

	External loans	0.0%	0.0%	0.0%	0.0%		
	Public contributions and donations	0.0%	0.0%	0.0%	0.0%		
	Grants and subsidies	100.0%	100.0%	100.0%	55.0%		
	Other	0.0%	0.0%	0.0%	45.0%		
<b>Capital expenditure</b>							
	Water and sanitation	6,774	12,540	43,540	64,657	247.21%	151.63%
	Electricity	934	–	–			
	Housing	–	–	–	–		
	Roads and storm water	18,300	13,627	13,627	12,886	0.00%	6.92%
	Other	2,312	785	1,354	146	72.48%	116.23%
<b>Total</b>		<b>28,320</b>	<b>26,952</b>	<b>58,521</b>	<b>77,689</b>		
<i>Percentage of expenditure</i>							
	Water and sanitation	23.9%	46.5%	74.4%	83.0%		
	Electricity	3.3%	0.0%	0.0%	0.0%		
	Housing	0.0%	0.0%	0.0%	0.0%		
	Roads and storm water	64.6%	50.6%	23.3%	16.56%		
	Other	8.2%	2.9%	2.3%	0.44%		
<b>T 5.6.1</b>							

#### COMMENT ON SOURCES OF FUNDING:

The were some grants capital expenditure items that were under and over budgeted, or the budgeting was correct but eventually the allocation was far less or above what was envisaged. For instance, the public contributions and donations.

**T 5.6.1.1**

## 5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Capital Expenditure of 5 largest projects*					
R' 000					
Name of Project	Current: Year 2015/16			Variance: Current Year 2015/16	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance	Adjustment variance
<b>A:</b> Construction of a Bulk Water pipeline and upgrading of Bulk Water Pumpstation	470,062.87	435,161.14	435,161.14	7%	7%
<b>B :</b> Construction of an internal water reticulation network to service 1 000 houses in Kgakala extension 6 - Phase 1 (500 stands)	7,140,912.00	9,102,146.19	9,102,146.19	-27%	-27%
<b>C:</b> Construction of an internal sewer reticulation network to service 1 000 houses in Kgakala extension 6 - Phase 1 (500 stands)	4,928,880.00	9,857,760.00	9,857,760.00	-100%	-100%
<b>D:</b> Upgrading of Roads and Stormwater in Tsweleng ext 4 & 5 Phase 1	6,465,068.57	6,465,068.57	6,465,068.57	0%	0%
<b>E:</b> Upgrading of Roads and Stormwater in Lebaleng ext 5 - Phase 3	7,162,076.57	7,162,076.57	7,162,076.57	0%	0%
<b>Name of Project - A</b>	Construction of a Bulk Water pipeline and upgrading of Bulk Water Pump station				
Objective of Project	Replacement of Asbestos Bulk Feeder line at Kgakala with a Upvc pipe material				
Delays	None				
Future Challenges	None				
Anticipated citizen benefits	Uninterrupted supply of Bulk water to Kgakala township				
<b>Name of Project - B</b>	Construction of an internal water reticulation network to service 1 000 houses in Kgakala extension 6 - Phase 1 (500 stands)				
Objective of Project	Construction of water network in Kgakala for 500 stands complete with water meters and standpipes				
Delays	Recruitment of labourers from ward 8 only delayed the project due to protests from the other wards 6 and 7 respectively				

Future Challenges	None
Anticipated citizen benefits	500 water connection points constructed so that Human Settlements could start with building of houses
<b>Name of Project - C</b>	Construction of an internal sewer reticulation network to service 500 houses in Kgakala extension 6 - Phase 1 (500 stands)
Objective of Project	Construction of an internal sewer reticulation network to service 500 houses in Kgakala extension 6 - Phase 1 (500 stands)
Delays	Recruitment of labourers from ward 8 only delayed the project due to protests from the other wards 6 and 7 respectively
Future Challenges	None
Anticipated citizen benefits	500 sewer connection points constructed so that Human Settlements could start with building of houses
<b>Name of Project - D</b>	Upgrading of Roads and Stormwater in Tswelelang ext 4 & 5 Phase 1
Objective of Project	Upgrade 1.5 km of gravel to paved road
Delays	None
Future Challenges	None
Anticipated citizen benefits	1.5 km of road for the community is now drivable all season
<b>Name of Project - E</b>	Upgrading of Roads and Stormwater in Lebaleng ext 5 - Phase 3
Objective of Project	Upgrade 1.7km of gravel to paved road
Delays	None
Future Challenges	None
Anticipated citizen benefits	1.7km of road for the community is now drivable all season
<i>T 5.7.1</i>	

#### COMMENT ON CAPITAL PROJECTS:

The variance between the Original budget, Adjustment and Actual budget were as result of further funding that was anticipated and eventually received. It is imperative that projects be implemented on time, more so when funds are available to avoid roll-overs and at times withdrawals or even reduction of future funding of such projects by Treasury and other relevant departments.

*T 5.7.1.1*

## 5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

### INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

Informal settlement in our area is a growing challenge, because community members are not prepared to wait for land designated for Human settlement particularly in Wolmaransstad and Makwassie but the Municipality is hard at work to allocate land for settlement.



Service Backlogs as at 30 June Year 2015				
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water	20505	96%	1500	12.76%
Sanitation	20505	96%	1500	12.76%
Electricity	20505	97.4%	1500	12.76%
Waste management	20505	78.5%	1500	12.76%
Housing	20505	97.4%	1500	12.76%
% HHs are the service above/below minimum standard as a proportion of total HHs. 'Housing' refers to * formal and ** informal settlements.				

Municipal Infrastructure Grant (MIG)* Expenditure Year 2015/16 on Service backlogs					
					R' 000
Details	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
			Budget	Adjustments Budget	
<b>Infrastructure - Road transport</b>	-	-	-	-	-
Roads, Pavements & Bridges					
Storm water					
<b>Infrastructure - Electricity</b>	-	-	-	-	-
Generation					
Transmission & Reticulation					
Street Lighting					
<b>Infrastructure - Water</b>					
Dams & Reservoirs					
Water purification					
Reticulation		16,269	4%	0.06	
<b>Infrastructure - Sanitation</b>					
Reticulation		10,656	6%	0.06	
Sewerage purification					
<b>Infrastructure - Other</b>		-	-	-	
Waste Management					

Transportation					
Gas					
<b>Other Specify:</b>					
<b>Total</b>		26,925	5%	0.06	
T 5.8.3					

COMMENT ON BACKLOGS:
Over past financial year the Municipality displayed 100% implementation of funds spending through infrastructural projects such as Water reticulation project, Sewer Reticulation and Roads projects
T 5.8.4

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION TO CASH FLOW MANAGEMENT.
<p>Cash can come from both internal and external sources, and the Statement of Cash Flow helps the municipality and communities separate and observe the differences and extent of the cash inflows and outflows. Internal, as opposed to external cash sources, provide the municipality with successful attributes and assurances that include:</p> <ol style="list-style-type: none"> <li>1) Preventing and monitoring municipal debt</li> <li>2) Preventing unnecessary expenditures from interest and wasteful and fruitless expenditures.</li> <li>3) Ensuring timely investment and cash available for investment opportunities as when they arise.</li> <li>4) Ensuring timely payment of expenses and bulk purchases to allow service delivery to run.</li> <li>5) and most importantly – ensuring a level of regular municipal income without relying on cash borrowing or external funding.</li> </ol> <p>Effectively managing and monitoring cash flows serves many purposes. The most significant reason is to provide communities, stakeholders and managers insight into municipality's cash position</p> <p>Our approaches ranges from data cleansing to enhance accurate billing, implementation of credit control policies, debt recovery, managing distribution losses and cost containment mechanisms.</p> <p>T 5.9</p>

## 5.9 CASH FLOW

Cash Flow Outcomes				
Description	R'000			
	Year 2014/15	Current: Year 2015/16		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Ratepayers and other	82,238	145,064	114,271	99,295
Government - operating	89,634	96,348	96,848	104,428
Government - capital	28,320	26,952	26,952	47,821
Interest	786	567	567	896
Other	3,224	-	26,872	4,091
<b>Payments</b>				
Suppliers and employees	(164,185)	(240,210)	(240,210)	(217,229)
Finance charges	(9,102)	(3,578)	(3,578)	(4,579)
Transfers and Grants				
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>30,915</b>	<b>25,144</b>	<b>(5,150)</b>	<b>34,723</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Proceeds on disposal of PPE				
Decrease (Increase) in non-current debtors				
Decrease (increase) other non-current receivables				
Decrease (increase) in non-current investments	(17)			(24)
<b>Payments</b>				
Capital assets	(28,320)	(27,235)	(58,804)	(42,634)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(28,337)</b>	<b>(27,235)</b>	<b>(58,804)</b>	<b>(42,659)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Short term loans				
Borrowing long term/refinancing				
Increase (decrease) in consumer deposits				
<b>Payments</b>				
Repayment of borrowing	(2,959)	(1,950)	(1,950)	(1,991)
<b>NET CASH FROM/(USED) FINANCING</b>				

ACTIVITIES	(2,959)	(1,950)	(1,950)	(1,991)
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(382)</b>	<b>(4,042)</b>	<b>(65,904)</b>	<b>(9,728)</b>
Cash/cash equivalents at the year begin:	14,055	5,299	5,299	13,673
Cash/cash equivalents at the year-end:	13,673	(9,341)	(71,203)	3,945
Source: MBRR A7				T 5.9.1

#### COMMENT ON CASH FLOW OUTCOMES:

The municipality had experienced serious cash flow challenges as a result of poor payment of municipal services by community members, businesses, farmers and some state organs such as public schools. This has adversely affected our operations and to some extent resulted in variances between the original and adjusted budget to actual. We had faced enormous problems in terms of honouring our commitments in line with MFMA, particularly our bulk service providers.

This has hampered service delivery and affected our internal funding for certain activities and projects.

T 5.9.1.1

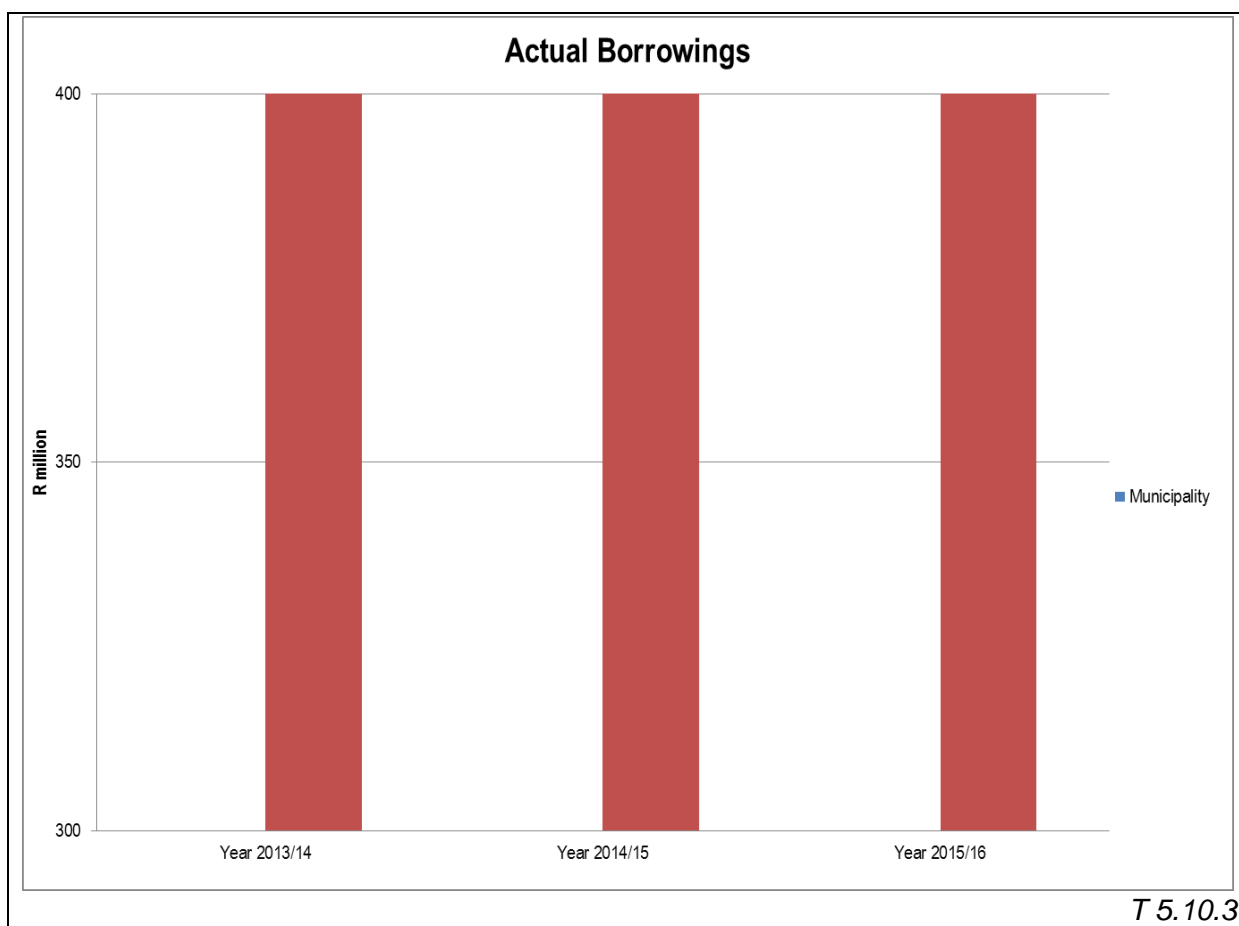
## 5.10 BORROWING AND INVESTMENTS

#### INTRODUCTION TO BORROWING AND INVESTMENTS

The aspect of borrowing is of great relevance to us although not ideal in the sense that in an event we have run out of cash and options to quickly generate it, as the last resort we would consider borrowing. On the other hand, in an event we have surplus cash which will not be utilised in a short space of time, investment will be an ideal option to us.

T 5.10

Actual Borrowings: Year 2013/14 to Year 2015/16			
	R' 000		
Instrument	Year 2013/14	Year 2014/15	Year 2015/16
<b>Municipality</b>			
Long-Term Loans (annuity/reducing balance)	45,954	43,761	41,544
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
<b>Municipality Total</b>	45,954	43,761	41,544
<b>Municipal Entities</b>			
Long-Term Loans (annuity/reducing balance)			
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
<b>Entities Total</b>	–	–	–
T 5.10.2			



Municipal and Entity Investments			
Investment* type	Year -2	Year -1	R' 000
	Year 0	Year -1	Year -2
	Actual	Actual	Actual
<b>Municipality</b>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank	328	346	371
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers' Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)	360	360	360
Repurchase Agreements - Banks			
Municipal Bonds			
Other	26	26	26

<b>Municipality sub-total</b>	714	732	757
<b><u>Municipal Entities</u></b>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Other			
<b>Entities sub-total</b>	-	-	-
<b>Consolidated total:</b>	714	732	757
T 5.10.4			

**COMMENT ON BORROWING AND INVESTMENTS:**

Borrowings will only be considered as a last resort in an event there is not sufficient cash available and means to generate it at that moment. The investment would only be appropriate in an event we have sufficient cash which we would not be using in a short space of time.

T 5.10.5

## 5.11 PUBLIC PRIVATE PARTNERSHIPS

### PUBLIC PRIVATE PARTNERSHIPS

*T 5.11.1*

## COMPONENT D: OTHER FINANCIAL MATTERS

## 5.12 SUPPLY CHAIN MANAGEMENT

### SUPPLY CHAIN MANAGEMENT

The supply Chain was adopted by council to fully comply with the SCM Regulations expressed under National Treasury general notice 868, Gazette no.27635. The SCM Policy is in place and is followed to the latter.

*T 5.12.1*

## 5.13 GRAP COMPLIANCE

### GRAP COMPLIANCE

The financial of the Municipality are 100% GRAP Compliant.

*T 5.13.1*



## CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

### INTRODUCTION

Note: The Constitution S188 (1) (b) states that the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA section 45 states that the results of performance measurement... must be audited annually by the Auditor-General.

- Annual Financial Statements (2014/15) are reported on in volume II of this Annual Report. Annual Performance Report 2014/15 was submitted during August 2015 together with the Annual Financial Statements and audited during the period September- November 2015. The production of reports was done during the year on a quarterly basis and annually.

T 6.0.1

### COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS Year 2014/15 6.1 AUDITOR GENERAL REPORTS Year 2014/15 (Previous year)

Auditor-General Report on Financial Performance: Year -1	
<b>Audit Report Status*:</b>	<b>Disclaimer</b>
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
Trade and other payables from exchange transactions (no sufficient evidence for retentions)	Ensure that we develop and maintain a retention register.
Services Chargers (no sufficient records of services rendered)	Ensure that we properly bill all consumers.
Fruitless and wasteful expenditure (No sufficient evidence)	Ensure that we avoid and reduce all fruitless and wasteful expenditures.
Irregular Expenditure ( No sufficient evidence)	Ensure that we avoid and reduce Irregular expenditures
T 6.1.1	

Auditor-General Report on Service Delivery Performance: Year -1	
<b>Audit Report Status:</b>	<b>Disclaimer</b>
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
Human resources management and compensation ( no appropriate systems to monitor and evaluate performance of staff)	Ensure that we cascade performance management to all staff members and develop appropriate systems to monitor and evaluate performance.
Audit Committee ( not in place)	We will still make use of the shared services with the District due to capacity constraints.
Internal Audit ( not established)	We will still make use of the shared services with the District due to capacity constraints.
T 6.1.2	

## COMPONENT B: AUDITOR-GENERAL OPINION YEAR 2015/16 (CURRENT YEAR)

### 6.2 AUDITOR GENERAL REPORT YEAR 2015/16

Auditor-General Report on Financial Performance Year 0*	
<b>Status of audit report:</b>	<b>Qualification</b>
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
No revenue was accrued for consumption after the last readings were taken in June (R197 289).	At year end a portion of average consumptions of the remaining days in June for the current financial year will be calculated and added to our billing
Revenue; Estimates incorrectly calculated.	Change the system to calculate estimates as and when it's necessary.
Payables: Loans incorrectly disclosed as accruals.	Ensure regular and adequate review and reconciliation of accounts that all transaction are correctly recorded.
T 6.2.1	

Auditor-General Report on Service Delivery Performance: Year 0*	
Status of audit report**:	Qualification
Non-Compliance Issues	Remedial Action Taken
A total of 30% reported objectives were not consistent with those in the IDP.	Key Performance Indicators to be aligned to IDP
The municipality did not exercise its legislative and executive authority of managing, monitoring and enforcing environmental related bylaws	Municipality need to enforce or put in place relevant environmental By-Laws
The municipality operated its wastewater treatment facility's without a license in contravention of section 24(2)(a) of the National Environmental Management Act	Municipality to obtain license for waste water treatment facility.
T 6.2.2	



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## **Report of the auditor-general to the North West provincial legislature and the council on the Maquassi Hills Local Municipality**

### **Report on the financial statements**

#### **Introduction**

1. I have audited the financial statements of the Maquassi Hills Local Municipality set out on pages 290 to 344, which comprise the statement of financial position as at 30 June 2016, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

#### **Accounting officer's responsibility for the financial statements**

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2015 (Act No. 1 of 2015) (DoRA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor-general's responsibility**

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the

financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

### **Basis for qualified opinion**

#### **Trade and other payables from exchange transactions**

6. I was unable to obtain sufficient appropriate audit evidence for trade and other payables from exchange transactions due to the status of the accounting records. In addition, interest on other financial liabilities was duplicated resulting in trade and other payables from exchange transactions and finance cost expense being overstated by R1 583 792 .I could not confirm the trade and other payables by alternative means. Consequently, I was unable to determine whether any further adjustments relating to trade and other payables from exchange transactions of R150 421 442 as disclosed in note 13 to the financial statements was necessary.

#### **Service charges**

7. The municipality did not recognise all service charges as required by SA standards of GRAP 9 *Revenue from exchange transactions* and GRAP 1 *Presentation of financial statements*. As the municipality did not maintain adequate records of services rendered, I was unable to determine the full extent of the understatement of sale of water as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments relating to revenue from sale of water of R45 764 027 as disclosed in note 19 of the financial statements and trade and other receivables from exchange transactions of R9 326 175 as disclosed in note 10 to the financial statements were necessary.

#### **Irregular expenditure**

8. Section 125 of the MFMA requires the disclosure of irregular expenditure incurred. I was unable to obtain sufficient appropriate audit evidence to confirm that awards of R7 471 328 were made in terms of the supply chain management requirements. In addition, the municipality made payments of R936 862 in contravention with the supply chain management requirements which were not included in irregular expenditure disclosed. The municipality's records did not permit the application of alternative procedures. Consequently, I was unable to determine whether any further adjustment relating to irregular expenditure of R170 838 050 as disclosed in note 43 to the financial

statements was necessary.

## **Qualified opinion**

9. In my opinion, except for the effects of the matters described in the basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of Maquassi Hills Local Municipality as at 30 June 2016 and its financial performance and cash flows for the year then ended, in accordance with the SA standards of GRAP and the requirements of the MFMA and the DoRA.

## **Emphasis of matters**

10. I draw attention to the matters below. My opinion is not modified in respect of these matters.

## **Restatement of corresponding figures**

11. As disclosed in note 46 to the financial statements, the corresponding figures for 2015 have been restated as a result of errors discovered during 2016 in the financial statements of the Maquassi Hills Local Municipality at, and for the year ended 30 June 2016.

## **Unauthorised expenditure**

12. As disclosed in note 41 to the financial statements, unauthorised expenditure of R40 034 602 was incurred in the current year and the unauthorised expenditure in respect of prior years of R368 403 193 had not yet been dealt with in accordance with section 32 of the MFMA.

## **Fruitless and wasteful expenditure**

13. As disclosed in note 42 to the financial statements, fruitless and wasteful expenditure of R2 351 520 was incurred in the current year and the fruitless and wasteful expenditure in respect of prior years of R679 032 had not yet been dealt with in accordance with section 32 of the MFMA.

## **Material losses**

14. As disclosed in note 47 to the financial statements, material electricity and water losses to the amount of R3 099 495 (2015: R115 112) and R40 211 611 (2015: R40 407 503) were incurred.

## **Going concern**

15. Note 39 to the financial statements indicates that the municipality has experienced

difficulties in settling its current liabilities. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the municipality's ability to operate as a going concern.

## **Additional matters**

16. I draw attention to the matters below. My opinion is not modified in respect of these matters.

## **Unaudited disclosure notes**

17. In terms of section 125(2) (e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

## **Unaudited supplementary schedules**

18. The supplementary information set out on pages 345 to 351 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

## **Report on other legal and regulatory requirements**

19. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected key performance area presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

## **Predetermined objectives**

20. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected key performance area (KPA) presented in the annual performance report of the municipality for the year ended 30 June 2016:
- KPA1: Service delivery and infrastructure development on pages 169 to 172
21. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National

Treasury's Framework for managing programme performance information (FMPPI).

22. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
23. The material findings in respect of the selected KPA are as follows:

## **KPA1: Service delivery and infrastructure development**

### **Usefulness of reported performance information**

24. Section 41(c) of the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA) requires the integrated development plan (IDP) to form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 30% reported objectives were not consistent with those in the IDP.

### **Reliability of reported performance information**

25. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure reliable reporting of actual achievements against planned objectives, indicators and targets. The reported achievements against planned targets of 40% of the indicators were not reliable when compared to the source information.

### **Additional matter**

26. I draw attention to the following matter:

### **Achievement of planned targets**

27. Refer to the annual performance report on page 161 to 173 for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information for the selected key performance area reported in paragraphs 24 to 25 of this report.

### **Compliance with legislation**

28. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

### **Strategic planning and performance management**

29. The amendments to the IDP was not adopted by the council only after consultation with



the district and taking into account all comments received as required by regulation 6 of the Municipal planning and performance management regulations.

30. The performance management system was not in line with the priorities, objectives, indicators and targets contained in its IDP as required by section 38(a) of the MSA and Municipal planning and performance management regulation 7(2) (g).
31. Key performance indicators in respect of each of the development priorities and objectives were not set out in the IDP, as required by section 41(1) (a) of the MSA and regulations 1 and 9(1)(a) of the Municipal planning and performance management regulations.
32. The performance management system and related controls were inadequate as it did not describe and represent the processes of performance monitoring and review and how it is conducted, organised and managed, as required by sections 38 of the MSA and regulation 7 of the Municipal planning and performance management regulations.

## **Annual financial statements, performance and annual reports**

33. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of non-current assets, current assets, current liabilities, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, but the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion.
34. The 2014-15 annual report was not published for the local community to submit representations in connection with the annual report, as required by section 127(5)(a) of the MFMA.
35. The oversight report adopted by the council on the 2014-15 annual report was not made public, as required by section 129(3) of the MFMA.
36. The annual performance report for the year under review did not include the performance of each external services provider and a comparison with the previous financial year as required by section 46 (1) (a) of the MSA.

## **Expenditure management**

37. Reasonable steps were not taken to prevent unauthorised, irregular and fruitless and wasteful expenditure, as required by section 62(1) (d) of the MFMA.
38. Money owed by the municipality was not always paid within 30 days, as required by section 65(2) (e) of the MFMA.

## **Procurement and contract management**

39. Sufficient appropriate audit evidence could not be obtained to confirm that all contracts were awarded in accordance with the legislative requirements and a procurement process which is fair, equitable, transparent and competitive, as the municipality did not

provide all documentation to provide evidence of a competitive bidding process.

40. Goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations as required by SCM regulations 17(a) & (c).
41. Contracts and quotations were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).
42. Awards were made to providers who were in the service of other state institutions or whose directors / principal shareholders were in the service of other state institutions, in contravention of section 112(j) of the MFMA and SCM regulation 44. Similar awards were identified in the previous year and no effective steps were taken to prevent or combat the abuse of the SCM process, as required by SCM regulation 38(1).
43. Contracts were awarded to providers whose tax matters had not been declared to be in order by the South African Revenue Service, in contravention of SCM regulation 43.

## **Revenue management**

44. An effective system of internal control for debtors and revenue was not in place, as required by section 64(2) (f) of the MFMA.
45. Revenue due to the municipality was not calculated on a monthly basis, as required by section 64(2) (b) of the MFMA.

## **Consequence management**

46. Unauthorised, irregular and fruitless and wasteful expenditure, incurred by the municipality was not investigated to determine if any person is liable for the expenditure, in accordance with the requirements of sections 32(2) (a) and (b) of the MFMA.
47. Council did not always approve the terms of reference of each investigation as required by regulation 6(1) of the Municipal regulations on financial misconduct procedures and criminal proceedings.

## **Liability management**

48. An adequate management, accounting and information system which accounts for liabilities was not in place, as required by section 63(2) (a) of the MFMA.

## **Environmental management**

49. The municipality did not exercise its legislative and executive authority of managing, monitoring and enforcing environmental related bylaws to promote a safe and healthy environment as required by section 11(3)(l) and (m) of the MSA.
50. The municipality operated its wastewater treatment facility's without a license in contravention of section 24(2)(a) of the National Environmental Management Act, 1998 (Act No. 107 of 1998) (NEMA) and section 22(1)(b) of the National Water Act, 1998 (Act

No. 36 of 1998) (NWA). The municipality's operational activities at its waste disposal sites and wastewater treatment facility contravened or failed to comply with the requirements of a waste management license or the norms and standards as prescribed by sections 67(1)(f) and (h) of the National Environmental Management Waste Act, 2008 (Act No. 59 of 2008) (NEMWA) and sections 151(1)(c) and (i) of the NWA.

51. The municipality's waste management and disposal activities contravened and failed to comply with the requirements of section 28(1) of the NEMA, section 19 of the NWA and sections 16(1) (c) and (d) and 26(1) (b) of the NEMWA.

### **Internal control**

52. I considered internal control relevant to my audit of the financial statements, the annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.

### **Leadership**

53. Action plans did not adequately address prior year audit findings and policies and procedures implemented did not enable and support the understanding and execution of internal control objectives, processes, and responsibilities. The establishment of a culture of honestly, ethical business practices and good governance requires urgent intervention. Leadership failed to appoint sufficient appropriately skilled staff in key positions within the finance unit and the training and development initiatives failed to address the underlying deficiencies that caused matters to be reported on repeatedly.

### **Financial and performance management**

54. The accounting officer did not ensure that adequate monitoring controls were implemented to ensure that reliable financial and performance reports were collated throughout the year as part of his periodic reporting responsibilities. The disinclination to implement preventative internal control measures to address prior year audit findings pertaining to financial and performance reporting and non-compliance with laws and regulation is evident. Management's inability to address repetitive findings relating to supply chain management regulations could be indicative of financial misconduct.

### **Governance**

55. The audit committee and the internal audit unit were not functioning for the majority of the financial year and the impact of the lack of appropriate monitoring and oversight is evident from the audit findings on financial and performance reporting and non-compliance with laws and regulation.

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## Other reports

56. I draw attention to the following engagement that could potentially impact on the municipality's financial performance and compliance related matters. My opinion is not modified in respect of these engagements that are in progress.

## Investigations

57. An investigation was initiated by Presidential Proclamation and is conducted by the Special Investigations Unit (SIU) on allegations of supply chain management irregularities. The investigation was not yet finalised on date of this report.
58. An investigation was initiated by Accounting Officer and is conducted by the Hawks on allegations of supply chain management irregularities. The investigation was not yet finalised on the date of this report.
59. An investigation was initiated by Accounting Officer and is conducted by South African Police Service (SAPS) on allegations of supply chain management irregularities. The investigation was not yet finalised on the date of this report.

*Auditor General*

Rustenburg  
30 November 2016



AUDITOR-GENERAL  
SOUTH AFRICA

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COMMENTS ON AUDITOR-GENERAL'S OPINION YEAR 2014/15:

Most prior year issues raised by the Auditor General were addressed and we maintained a "Qualified" audit opinion, but we can still do better.

*T 6.2.4*

COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES:

Section 71 of the MFMA requires municipalities to return a series of financial performance data to the National Treasury at specified intervals throughout the year. The Chief Financial Officer states that these data sets have been returned according to the reporting requirements.

Signed (Chief Financial Officer)..... 31 August 2016

*T 6.2.5*

AUDIT ACTION PLAN 2015/16			REVENUE					
No	Ref/Exception	Item/Finding	REPEAT	Action Plan	Responsibility	Due Date	Root Cause	Status:31 Jan 2017
1	Ex 126 COF 10	Revenue: No revenue was accrued for consumption after the last readings were taken in June (R197 289).	NO	At year end a portion of average consumption of the remaining days in June for the current financial year will be calculated and added to our billing whilst, the same portion of the previous year will be deducted.	Revenue Manager	30 June 2017	The financial year runs for cycle of 12 months and as long as billing covers the full cycle it should not be a problem. The portion of the accrual from the previous year will form part of the current and the one of the current will overlap into the next year etc.	

2	Ex 70 COF 10 & 178 COF 11	Revenue: Service charge incorrectly billed (R414 156 & R4 893 521)	NO	Verification of all debtors accounts, services connected to them and tariffs applied.	Cash Accountant & Revenue Manager	28 February 2017	On some debtors accounts the codes were not correct, i.e debtor type or zonal area.
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AUDIT ACTION PLAN 2015/16			REVENUE					
No	Ref/Exception	Item/Finding	REPEAT	Action Plan	Responsibility	Due Date	Root Cause	Status:31 Jan 2017
3	Ex 141 COF 10	Revenue: Estimates incorrectly calculated.	YES	Change the system to calculate estimates as and when its necessary.	Cash Accountant & Revenue Manager	31 January 2017	Evenus system not being able to calculate estimates where there were no meter reading history.	
4	Ex 119 COF 10 & 144 COF 12	Revenue: Stands not billed during the year (R32 116 790 & R19 831 078)	YES	Verification of all debtors accounts, services connected to them and tariffs applied. All consumers will complete service contracts.	Revenue Accountant & Revenue Manager	28 February 2017	Lack of sufficient information in terms of services that were rendered in the new township that was established.	

5	Ex 143 COF 10	Revenue: Amounts on TMT reports not agreeing to amounts on GL	NO	Performance of monthly reconciliations.	Revenue Accountant & Revenue Manager	31 January 2017	Lack of performance of monthly reconciliations.	
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AUDIT ACTION PLAN 2015/16			REVENUE					
No	Ref/Exception	Item/Finding	REPEAT	Action Plan	Responsibility	Due Date	Root Cause	Status:31 Jan 2017
6	Ex 69 COF 5	Revenue: Distribution losses - AFS and Recalculation	NO	Ensure that all the municipal departments have consumer accounts. Ensure maintenance of network and replacement of faulty meters and installation were there are no meters.	Revenue Accountant & Revenue Manager	31 January 2017	Some of the municipal departments did not have consumer accounts.i.e water hydrants.	

AUDIT ACTION PLAN 2015/16			EXPENDITURE					
No	Ref/Exception	Item/Finding	REPEAT	Action Plan	Responsibility	Due Date	Root Cause	Status:31 Jan 2017
7	Ex 166 COF 13	Payables: Loans incorrectly disclosed as accruals.	NO	Ensure regular and adequate review and reconciliation of accounts that all transaction are correctly recorded.	Expenditure Manager	31-Dec-16		
8	Ex32 COF 8	Payables: Loans incorrectly disclosed as accruals.	NO	Ensure that listing are prepared for all creditors disclosed in the municipality financials	Expenditure Manager	31-Dec-16		
9	Ex 92 COF 5	TB/AFS does not agree to the statement	NO	Proper records reviews to be performed before signoffs of AFS	Expenditure Manager & Revenue Manager	28-Jun-17		

10	Ex 123 COF 8	Suspense account not cleared on a regular bases.	YES	Ensure that there are supporting documentation to support transaction and clear on a monthly basis	Expenditur e Manager	31 Dec 16		
11		An adequate manageme nt, accounting and information system which accounts for liabilities was not in place, as required by section 63(2) (a) of the MFMA	NO	Ensure that the register of Contingent Liabilities is developed and maintained on a monthly basis.	Asset/Divi sional Head Administra tion.	31 January 2017	Council did not keep a register of Contingent Liability, hence the Contingent Liabilities were incomplete.	

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AUDIT ACTION PLAN 2014/15			COMMUNITY SERVICES ( ENVIRONMENT )					
No	Ref/Exception	Item/Finding	REPEAT	Action Plan	Responsibility	Due Date	Root Cause	Status:31 Jan 2017
12	Safe and Healthy Environment	The municipality didn't exercise its legislative and executive authority as required by section 11(3)(l) and (M) of the MSA by managing, monitoring and enforcing environmental related by laws to promote safe and healthy environment		The municipality will seek assistance from the District to develop and promulgate by laws in order to promote safe and healthy environment	Manager: Social Services	30-Mar-17	No By-Laws: limited capacity to develop and promulgate by laws	
13	Landfill Sites	The municipality operated its waste disposal sites and wastewater treatment facility without a license in contravention of section 20(b) of the National Environmental Management		The municipality obtained landfill licenses for Makwassie, Witpoort and Leeudoringstad and were given to auditors	Mr. V Sebekedi	1-Sep-15	Municipal landfill sites are licensed	

		Waste Act, 2008 (Act No. 59 of 2008) (NEMWA), section 24(2)(a) of the National Environmental Management Act, 1998 (Act No. 107 of 1998) (NEMA) and section 22(1)(b) of the National Water Act, 1998 (Act No. 36 of 1998) (NWA).						
14	Landfill Sites	The municipality's operational activities at its waste disposal sites and wastewater treatment facility contravened or failed to comply with the regulatory norms and standards as required by sections 67(1)(f) and (h) of the NEMWA and sections 151(1)(c) and (l) of the NWA.		Site assessment will be done and personnel will be seconded to keep the statistics	Manager: Social Services	15-Feb-17	Non-compliance with NEWWA and NWA: No personnel to do constant monitoring	

15	Landfill Sites	The municipality's waste management and disposal activities contravened or failed to comply with the requirements of section 28(1) of the NEMA, section 19 of the NWA and sections 16(1)(c) and (d) and 26(1)(b) of the NEMWA.		Our waste don't fall within the provision of section 28 (1) of NEWMA. The municipality will develop policy with regard to management to deal with aspect of occupational health and safety	Manager: Social Services	30 Mar 17	Non-compliance with NEWWA and NWA: No personnel to do constant monitoring	
16		Non-compliance with NEMA						



AUDIT ACTION PLAN 2015/16			SUPPLY CHAIN MANAGEMENT					
No	Ref/Exception	Item/Finding	REPEAT	Action Plan	Responsibility	Due Date	Root Cause	Status:31 Jan 2016
17		Irregular Expenditure: Section 125 of the MFMA requires the disclosure of irregular expenditure incurred. I was unable to obtain sufficient appropriate audit evidence to confirm that awards of R7 471 328 were made in terms of the supply chain management requirements. In addition, the municipality made payments of R936 862 in contravention with the supply chain management requirements which were not included in irregular expenditure	Yes	Ensure that we comply with supply chain management requirements, maintain adequate records and that the Irregular Register is compiled on a monthly basis.	Supply Chain Manager	31-Jan-17		

		disclosed. The municipality's records did not permit the application of alternative procedures. Consequently, I was unable to determine whether any further adjustment relating to irregular expenditure of R170 838 050 as disclosed in note 43 to the financial statements was necessary.						

AUDIT ACTION PLAN 2015/16			PERFORMANCE MANAGEMENT					
No	Ref/Exception	Item/Finding	REPEAT	Action Plan	Responsibility	Due Date	Root Cause	Status:31 Jan 2017
18		Key performance indicators in respect of each of the development priorities and objectives were not set out in the IDP.	yes	Key performance Indicators to be aligned with IDP.	PMS Manager	August 2017		
19		The oversight report adopted by the council on the 2014-15 annual report was not made public.	yes	Functionality of MPAC is important in this regard, council needs to make sure that MPAC is functional.	Council	April 2017		
20		The annual performance report for the year under review did not include the performance of each external services provider and a comparison with the previous financial year		Performance of External Service Providers to be included in the Annual Performance.	PMS Manager	August 2017		
21								

## GLOSSARY

<b>Accessibility indicators</b>	Explore whether the intended beneficiaries are able to access services or outputs.
<b>Accountability documents</b>	Documents used by executive authorities to give “ <i>full and regular</i> ” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
<b>Activities</b>	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “ <i>what we do</i> ”.
<b>Adequacy indicators</b>	The quantity of input or output relative to the need or demand.
<b>Annual Report</b>	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
<b>Approved Budget</b>	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
<b>Baseline</b>	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
<b>Basic municipal service</b>	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
<b>Budget year</b>	The financial year for which an annual budget is to be approved –

	means a year ending on 30 June.
<b>Cost indicators</b>	The overall cost or expenditure of producing a specified quantity of outputs.
<b>Distribution indicators</b>	The distribution of capacity to deliver services.
<b>Financial Statements</b>	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
<b>General performance indicators</b> <b>Key</b>	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
<b>Impact</b>	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
<b>Inputs</b>	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
<b>Integrated Development Plan (IDP)</b>	Set out municipal goals and development plans.
<b>National performance areas</b> <b>Key</b>	<ul style="list-style-type: none"> <li>• Service delivery &amp; infrastructure</li> <li>• Economic development</li> <li>• Municipal transformation and institutional development</li> <li>• Financial viability and management</li> <li>• Good governance and community participation</li> </ul>
<b>Outcomes</b>	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
<b>Outputs</b>	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is

	a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
<b>Performance Indicator</b>	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
<b>Performance Information</b>	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
<b>Performance Standards:</b>	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
<b>Performance Targets:</b>	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
<b>Service Delivery Budget Implementation Plan</b>	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.

**Vote:**

One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.

Section 1 of the MFMA defines a “vote” as:

- a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and*
- b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned*

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## APPENDICES

### APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
Cllr G.V. KGABI	FT	MUNICIPAL SERVICE	ANC COUNCILLOR	90%	10%
Cllr T SELETE	FT	MUNICIPAL FINANCE & ADMINISTRATION	ANC COUNCILLOR	80%	20%
Cllr M MATOTA	FT	ECONOMIC SERVICES	ANC COUNCILLOR	75%	25%
Cllr O.S DUFFY	FT	GOVERNANCE,INTERGOVERNMENTAL &INTERNATIONAL RELATION	ANC COUNCILLOR	85%	15%
Cllr G.J van Zyl	FT	CORPORATE	DA COUNCILLOR	95%	5%
					T A

Concerning T A  
Attendance of Council meetings is satisfactory.

T A.1

## APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
EXECUTIVE COMMITTEE	TO RECEIVE REPORTS FROM COMMITTEES AND RECOMMEND TO COUNCIL
MPAC	PERFORMS AN OVERSIGHT FUNCTION OF BEHALF OF COUNCIL
WARD COMMITTEE	ADVISE WARD CLLRS ,IDENTIFYING NEEDS ,RECIEVING COMPLAINTS FROM RESIDENTS
SECTION 79 COMMITTEES	INTERACTS WITH MUNICIPAL MANAGEMENT AND STAFF
RULES COMMITTEE	IMPLEMENT CODE OF CONDUCT TO COUNCILLORS
T B	

## APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

[illegible]

## APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
<b>Constitution Schedule 4, Part B functions:</b>		
Air pollution	Yes	
Building regulations	Yes	
Child care facilities	No	Social Dev
Electricity and gas reticulation	Yes	
Firefighting services	Yes	
Local tourism	Yes	
Municipal airports	Yes	
Municipal planning	Yes	
Municipal health services	Yes	
Municipal public transport	Yes	
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Yes	
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	Yes	
Stormwater management systems in built-up areas	Yes	
Trading regulations	Yes	
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes	
Beaches and amusement facilities	Yes	
Billboards and the display of advertisements in public places	Yes	
Cemeteries, funeral parlours and crematoria	Yes	
Cleansing	Yes	
Control of public nuisances	Yes	
Control of undertakings that sell liquor to the public	No	FEED
Facilities for the accommodation, care and burial of animals	no	SPCA
Fencing and fences	Yes	
Licensing of dogs	no	
Licensing and control of undertakings that sell food to the public	Yes	
Local amenities	Yes	
Local sport facilities	Yes	
Markets	Yes	
Municipal abattoirs	Yes	
Municipal parks and recreation	Yes	
Municipal roads	Yes	
Noise pollution	Yes	
Pounds	Yes	
Public places	Yes	
Refuse removal, refuse dumps and solid waste disposal	yes	

Street trading	yes	
Street lighting	yes	
Traffic and parking	yes	
<i>* If municipality: indicate (yes or No); * If entity: Provide name of entity</i>		
		<i>T D</i>

## APPENDIX E – WARD REPORTING

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
WARD 01	CLR M.S SEJESO (10 WARD COMMITTEE MEMBERS )	YES	12	10	1
WARD 02	CLRS K.S KGAODI ( 10 WARD COMMITTEE MEMBERS )	YES	12	10	1
WARD 03	CLR K.A MOGAPI10 WARD COMMITTEE MEMBERS )	YES	12	10	1
WARD 04	AB TSIETSENG 10 WARD COMMITTEE MEMBERS )	YES	12	10	1
WARD 05	CLR J PHEIFFER10 WARD COMMITTEE MEMBERS )	YES	12	10	0
WARD 06	CLR G.P MOTSWAGOLE 10 WARD COMMITTEE MEMBERS )	YES	12	10	2
WARD 07	CLR S.J LESIE 10 WARD COMMITTEE MEMBERS )	YES	11	10	1
WARD 08	CLR N NTIANE10 WARD COMMITTEE MEMBERS )	YES	12	10	1
WARD 09	CLR M D SEREETSI 10 WARD COMMITTEE MEMBERS )	YES	12	10	1
WARD 10	CLR M.E MOTAUNG 10 WARD COMMITTEE MEMBERS )	YES	12	10	2
WARD 11	CLR D.K MOHADI 10 WARD COMMITTEE MEMBERS )	YES	12	10	3
					<i>T E</i>

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## APPENDIX F – WARD INFORMATION

Ward Title: Ward 8				
Capital Projects: Seven Largest in Year 0 (Full List at Appendix O)				
R' 000				
No.	Project Name and detail	Start Date	End Date	Total Value
1	Water Reticulation for 500 stands in kgakala	12 August 2016	30 November 2016	14 281 824.00
2	Sewer Reticulation for 500 stands in Kgakala			10 007 952.00
We had only 2 projects in this ward for 2015/2016				
T F.1				

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Households with minimum service delivery	497	697	497	497	
Households without minimum service delivery	none	none	none	none	
Total Households*	497	497	497	497	
Houses completed in year					
Shortfall in Housing units					
*Including informal settlements					T.F.2

Top Four Service Delivery Priorities for Ward (Highest Priority First)		
No.	Priority Name and Detail	Progress During Year 0
1	Water Reticulation for 500 stands in kgakala	100 % complete
2	Sewer Reticulation for 500 stands in Kgakala	100 % complete
3	Concrete Paving of roads.	100 % complete
4	Replacement of water Metres	100 % complete
		T F.3

## APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 2014/15

[illegible]



## APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

Long Term Contracts (20 Largest Contracts Entered into during Year 0)					R' 000
Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry date of Contract	Project manager	Contract Value
No long-term contract for 2015/2016					T H.1

Public Private Partnerships Entered into during Year 0					
					R' 000
Name and Description of Project	Name of Partner(s)	Initiation Date	Expiry date	Project manager	Value 2015/2016
none	none	none	none	none	none
No Public Private Partnership in this Financial Year.					<i>T H.2</i>

## APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

Municipal Entity/Service Provider Performance Schedule									
Name of Entity & Purpose  (i)	(a) Service Indicators	Year 0		Year 1			Year 2	Year 3	
	(b) Service Targets (ii)	Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Amandla Building and Construction	Upgrading of roads and stormwater in Tswelelang	2km	2km	20,6	2km	2km	-	-	-
Khoisan	Upgrading of roads and stormwater in Lebaleng	2km	2km	36,7	2km	2km	-	-	-
Kd civils	Water reticulation	500 stands	500 stands	500 stands	500 stands	0	0	0	0
Amandla Building & construction	Sewer Reticulation	500 stands	500 stands	500 stands	500 stands	0	0	0	0
T /									

## APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July to 30 June of Year 0 (Current Year)		
Position	Name	Description of Financial interests* (Nil / Or details)
Mayor	G.V Kgabi	Nil
Member of Exco	D. van Zyl	Nil
	T. Selete	Nil
	M. Matete	Nil
	S. Duffy	Nil
Councillor	N.W Ntiane	Nil
	G.P Motswagole	Nil
	M.D Sereetsi	Nil
	M. S Sejeso	Nil
	J. Phiffer	Nil
	K.G Mojela	Nil
	D.K Mohadi	Nil
	N.L Tshingilane	Nil
	K .A Mogapi	Nil
	P. R Legabe	Nil
	K. S Seakane	Nil
	K.G Mojela	Nil
	S.J Lesie	Nil
	M.G Letlakane	Nil
	G.J Muller	Nil
	M.E Motaung	Nil
	K.S Kgaodi	Nil
	O.H Batsietseng	Nil

<b>Municipal Manager</b>	Mr R. Jonas	Nil
<b>Chief Financial Officer</b>		Nil
<b>Directors</b>	Mr S. J Lehloenya	Nil
	Mr N. Mwase (Acting Director : Engineering)	Nil
<b>Other S57 Officials</b>		
T J		

#### APPENDIX K (II): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source						
						R '000
Description	Year -1	Year 0			Year 0 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	27,201	30,813	30,813	30,971	1%	1%
Property rates - penalties & collection charges	–	–	–	–	17%	17%
Service Charges - electricity revenue	47,637	40,224	40,224	48,216	15%	15%
Service Charges - water revenue	36,103	38,861	38,861	45,764	6%	6%
Service Charges - sanitation revenue	25,761	27,266	27,266	29,086	7%	7%
Service Charges - refuse revenue	12,076	12,878	12,878	13,798		
Service Charges - other	–	–	–	–	38%	38%
Rentals of facilities and equipment	489	382	382	611		

Interest earned - external investments	786	840	840	897	6%	6%
Interest earned - outstanding debtors	33,590	39,000	39,000	41,980	7%	7%
Dividends received	–	–	–	1,354	100%	100%
Fines	27,606	7,521	7,521	18,528	59%	59%
Licences and permits	1,727	9,704	9,704	1,886	-415%	-415%
Agency services	–	–	–	–		
Transfers recognised - operational	117,954	98,848	98,848	144,224	31%	31%
Other revenue	25,665	5,926	5,926	1,825	-225%	-225%
Gains on disposal of PPE	–	–	–	–		
Environmental Protection	–	–	–	–		
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>356,596</b>	<b>312,261</b>	<b>312,261</b>	<b>379,140</b>	<b>17.64%</b>	<b>17.64%</b>
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.</i>						<i>T K.2</i>

## APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Neighbourhood Development Partnership Grant	0	0	0	0%	0%	
Public Transport Infrastructure and Systems Grant	0	0	0	0%	0%	
<b>Other Specify:</b>						
Dr KK District Municipality						
EPWP						
MISG						
WWTP						
FIRE BRIGADE						
<b>Total</b>						
						TL

## APPENDIX M: CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

Capital Expenditure - New Assets Programme*							
R '000							
Description	Year 2014/15	Year 2015/16			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<b>Capital expenditure by Asset Class</b>							
<b>Infrastructure - Total</b>	<b>27,278</b>	<b>26,167</b>	<b>57,167</b>	<b>77,543</b>	<b>28,148</b>	<b>30,379</b>	<b>2,000</b>
<b>Infrastructure: Road transport - Total</b>	157	13,627	13,627	12,886	12,424	4,079	–
<i>Roads, Pavements &amp; Bridges</i>							
<i>Storm water</i>							
<b>Infrastructure: Electricity - Total</b>	3,082	–		–	9,032	3,300	–
<i>Generation</i>							
<i>Transmission &amp; Reticulation</i>	3,082				9,032	3,300	
<i>Street Lighting</i>							
<b>Infrastructure: Water - Total</b>	17,002	7,611	24,592	34,908	6,692	12,000	–
<i>Dams &amp; Reservoirs</i>							
<i>Water purification</i>							
<i>Reticulation</i>	17,002	7,611	24,592	34,908	6,692	12,000	
<b>Infrastructure: Sanitation - Total</b>	7,210	4,929	18,948	29,749	–	11,000	2,000
<i>Reticulation</i>	7,210	4,929	18,948	29,749		11,000	2,000
<i>Sewerage purification</i>							
<b>Infrastructure: Other - Total</b>							



	-	-		-	-	-	-
Waste Management							
Transportation							
Gas							
Other							
<b>Community - Total</b>	<b>256</b>	<b>175</b>	<b>744</b>	<b>146</b>	<b>389</b>	<b>-</b>	<b>-</b>
Parks & gardens							
Sportsfields & stadia							
Swimming pools							
Community halls							
Libraries	256	175	743		389		
Recreational facilities							
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries				146			
Social rental housing							
Other							
<i>Table continued next page</i>							

<i>Table continued from previous page</i>							
<b>Capital Expenditure - New Assets Programme*</b>							
<b>R '000</b>							
Description	Year 2014/15	Year 2015/16			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<b>Capital expenditure by Asset Class</b>							
<b>Heritage assets - Total</b>	-	-		-	-	-	-

Buildings							
Other							
<b>Investment properties - Total</b>	-	-		-	-	-	-
Housing development							
Other							
-							
<b>Other assets</b>	613	610	610	-	1,188	-	-
General vehicles							
Specialised vehicles							
Plant & equipment							
Computers - hardware/equipment							
Furniture and other office equipment	1.041	785	1354	146			
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)							
Other							
<b>Agricultural assets</b>	-	-	-	-	-	-	-
List sub-class							
<b>Biological assets</b>	-	-		-	-	-	-
List sub-class							
<b>Intangibles</b>	-	-		-	-	-	-
Computers - software & programming							

Other (list sub-class)							
<b>Total Capital Expenditure on new assets</b>	<b>28,320</b>	<b>26,952</b>	<b>58,521</b>	<b>77,689</b>	<b>29,725</b>	<b>30,379</b>	<b>2,000</b>
<b>Specialised vehicles</b>	–	–		–	–	–	–
Refuse							
Fire							
Conservancy							
Ambulances							
* Note: Information for this table may be sourced from MBRR (2009: Table SA34a)							T M.1

Capital Expenditure - Upgrade/Renewal Programme*							
R '000							
Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<b>Capital expenditure by Asset Class</b>							
<b>Infrastructure - Total</b>	–	–		–	–	–	–
Infrastructure: Road transport -Total	–	–		–	–	–	–
Roads, Pavements & Bridges							
Storm water							
<b>Infrastructure: Electricity - Total</b>	–	–		–	–	–	–
Generation							
Transmission & Reticulation							
Street Lighting							
<b>Infrastructure: Water - Total</b>	–	–		–	–	–	–

Dams & Reservoirs						
Water purification						
Reticulation						
<b>Infrastructure: Sanitation - Total</b>	-	-	-	-	-	-
Reticulation						
Sewerage purification						
<b>Infrastructure: Other - Total</b>	-	-	-	-	-	-
Waste Management						
Transportation						
Gas						
Other						
<b>Community</b>	-	-	-	-	-	-
Parks & gardens						
Sportsfields & stadia						
Swimming pools						
Community halls						
Libraries						
Recreational facilities						
Fire, safety & emergency						
Security and policing						
Buses						
Clinics						
Museums & Art Galleries						
Cemeteries						
Social rental housing						
Other						
<b>Heritage assets</b>	-	-	-	-	-	-
Buildings						
Other						
Table continued next page						

Table continued from previous page

Capital Expenditure - Upgrade/Renewal Programme*							
R '000							
Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<b>Capital expenditure by Asset Class</b>							
<b><u>Investment properties</u></b>	-	-		-	-	-	-
Housing development							
Other							
<b><u>Other assets</u></b>	-	-		-	-	-	-
General vehicles							
Specialised vehicles							
Plant & equipment							
Computers - hardware/equipment							
Furniture and other office equipment							
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)							
Other							
<b><u>Agricultural assets</u></b>	-	-		-	-	-	-
List sub-class							
<b><u>Biological assets</u></b>	-	-		-	-	-	-
List sub-class							

<b>Intangibles</b>	-	-		-	-	-	-
Computers - software & programming							
Other (list sub-class)							
<b>Total Capital Expenditure on renewal of existing assets</b>	-	-		-	-	-	-
<b>Specialised vehicles</b>	-	-		-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							
<b>No upgrades nor renewal.</b>							<i>T M.2</i>

## APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 2015/16

Capital Programme by Project: Year 2015/16					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
<b>Water : Water reticulation for 500 stands in kgakala</b>	7 140 912.00	18 615 063	14 281 824.00	100%	74.76
<b>Sanitation/Sewerage: Sewer reticulation for 500 stands in kgakala.</b>	6 465 069	0	6 465 069	-	-
project B"					
<b>Electricity</b>	n/a				
"Project A"					
"Project B"					
<b>Housing</b>	n/a				
"Project A"					
"Project B"					
<b>Refuse removal</b>	n/a				
"Project A"					
"Project B"					
<b>Stormwater</b>	n/a				
"Project A"					
"Project B"					
<b>Economic development</b>	n/a				

"Project A"					
"Project B"					
<b>Sports, Arts &amp; Culture</b>	n/a				
"Project A"					
"Project B"					
<b>Environment</b>	n/a				
"Project A"					
"Project B"					
<b>Health</b>	n/a				
"Project A"					
"Project B"					
<b>Safety and Security</b>	n/a				
"Project A"					
"Project B"					
<b>ICT and Other</b>	n/a				
"Project A"					
"Project B"					



## APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 2014/15

Capital Programme by Project by Ward: Year 2015/16		
Capital Project	Ward(s) affected	Works completed (Yes/No)
Water : Water Reticulation for 500 stands in Kgakala	8	yes
Sanitation/Sewerage : Sewer Reticulation for 500 stands in Kgakala	8	yes
Electricity		
Housing : None		
Refuse removal : None		
Roads & Stormwater : Concrete Paving project	3, 4 , 9 & 11	yes
Economic development : none	n/a	
Sports, Arts & Culture None	n/a	
Environment : none	n/a	
Health : none	n/a	
Safety and Security : none	n/a	
ICT and Other	n/a	
T O		

## APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINIC

Service Backlogs: Schools and Clinics				
Establishments lacking basic services	Water	Sanitation	Electricity	Solid Waste Collection
<b>Schools (NAMES, LOCATIONS)</b>				
n/a	none	none	none	none
<b>Clinics (NAMES, LOCATIONS)</b>				
none	none	none	none	none
No service backlogs in and clinics				
				TP

## APPENDIX Q – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

Service Backlogs Experienced by the Community where another Sphere of Government is the Service Provider (where the municipality whether or not act on agency basis)		
Services and Locations	Scale of backlogs	Impact of backlogs
Clinics: None	None	None
Housing : None	None	None
Licencing and Testing Centre:	None	None
Reservoirs	None	None
Schools (Primary and High):	None	None
Sports Fields:	None	None

## APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

National and Provincial Outcomes for Local Government		
Outcome/Output	Progress to date	Number or Percentage Achieved
Output: Improving access to basic services	Most of the Municipal areas have access to basic services.	90 %
Output: Implementation of the Community Work Programme	Ward committees are in place.	98 %
Output: Deepen democracy through a refined Ward Committee model	Ward Committee development plan in place	98%
Output: Administrative and financial capability	Finance are improving except for revenue collection	Revenue collection is at 45 %
T S		

## VOLUME II: ANNUAL FINANCIAL STATEMENT

### Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

#### General Information

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<b>Legal form of entity</b>	Local Municipality
<b>Nature of business and principal activities</b>	Municipality
<b>Members of Council</b>	
Councillors	B.J. Mahumapelo
P.R. Legabe	
K.G. Mojela	
T.S. Selete	
N.L. Tshingilane	
K.S. Seakane	
M.D. Matete	
M.S. Sejeso	
K.S. Kgaodi	
K.A. Mogapi	
O.H. Botsietseng	
G.P. Motswagole	
S.J. Lesie	
N.W. Ntiane	
M.D. Serectsi	
M.E. Motaung	
D.K. Mohadi	
M.G. Letlakane	
G.J. Van Zyl	
G.J. Muller	
J. Pheiffer	
<b>Accounting Officer</b>	I.R. Jonas
<b>Chief Finance Officer (CFO)</b>	M.J. Molefe
<b>Registered office</b>	19 Kruger Street
Wolmaransstad	
2630	
<b>Business address</b>	19 Kruger Street
Wolmaransstad	
2630	
<b>Postal address</b>	Private Bag X3
Wolmaransstad	
2630	
<b>Bankers</b>	ABSA Wolmaransstad
<b>Auditors</b>	Auditor - General of South Africa

# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Index

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The reports and statements set out below comprise the financial statements presented to the Council:

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### Abbreviations

DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

## Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

### Approval of annual financial statements

---

I am responsible for the preparation of these annual financial statements, which are set out on pages 284 to 338, in terms of Section 126(1) of the Municipality Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors and payments made to Councillors for loss of office, if any, as disclosed in note 25 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

I R Jonas  
Municipal Manager

31 August 2016 .....

# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Accounting Officer's Responsibilities and Approval

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The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the financial statements fairly present the state of affairs of the Municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the financial statements and was given unrestricted access to all financial records and related data.

The financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the Municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Municipality and all employees are required to maintain the highest ethical standards in ensuring the Municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Municipality is on identifying, assessing, managing and monitoring all known forms of risk across the Municipality. While operating risk cannot be fully eliminated, the Municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the Municipality's cash flow forecast for the year to 30 June 2017 and, in the light of this review and the current financial position, he is satisfied that the Municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The Municipality is wholly dependent on the income from services, rates and grants for continued funding of operations. The financial statements are prepared on the basis that the Municipality is a going concern and that the council has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements. The financial statements have been examined by the Municipality's external auditors and their report is presented on page 229.

The financial statements set out on page 284 to 338 which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2016 and were signed on its behalf by:

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I R Jonas



# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Accounting Officer's Report

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The accounting officer submits his report for the year ended 30 June 2016.

### 1. Review of activities

#### Main business and operations

The Municipality operates in South Africa.

The operating results and state of affairs of the Municipality are fully set out in the attached financial statements and do not in my opinion require any further comment.

### 2. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

### 3. Subsequent events

The Accounting Officer is not aware of any matter or circumstance arising since the end of the financial year that would require disclosure in the financial statements.

### 4. Accounting Officer's interest in contracts

The Accounting Officer has no interests in contracts of the Municipality.

### 5. Accounting policies

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board and in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

### 6. Corporate governance

The accounting officer is committed to business integrity, transparency and professionalism in all his activities. As part of this commitment, the accounting officer supports the highest standards of corporate governance and the ongoing development of best practice.

# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Statement of Financial Position as at 30 June 2016

		2016	2015
	Notes	R	Restated R
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	5	855 305	1 472 399
Investments	6	757 225	732 318
Receivables from non-exchange transactions	7	32 966 390	23 068 486
VAT receivable	8	24 452 921	18 918 111
Trade and other receivables from exchange transactions	10	23 886 713	21 021 603
Cash and cash equivalents	11	7 584 079	16 105 649
		<b>90 502 633</b>	<b>81 318 566</b>
<b>Non-Current Assets</b>			
Investment property	4	66 492 000	66 492 000
Property, plant and equipment	3	921 469 808	885 765 145
		<b>987 961 808</b>	<b>952 257 145</b>
<b>Total Assets</b>		<b>1 078 464 441</b>	<b>1 033 575 711</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Borrowings	12	5 811 462	5 585 596
Trade and other payables from exchange transactions	13	150 421 442	131 478 841
Consumer deposits	14	2 227 106	2 124 152
Employee benefit obligation	9	896 000	3 695 845
Unspent conditional grants and receipts	15	10 682 336	2 571 763
Provision for rehabilitation of landfill sites	16	17 896 295	41 219 007
Bank overdraft	11	3 638 646	2 432 684
		<b>191 573 287</b>	<b>189 107 888</b>
<b>Non-Current Liabilities</b>			
Borrowings	12	41 544 405	43 761 439
Employee benefit obligation	9	27 619 000	19 905 469
		<b>69 163 405</b>	<b>63 666 908</b>
<b>Total Liabilities</b>		<b>260 736 692</b>	<b>252 774 796</b>
<b>Net Assets</b>		<b>817 727 749</b>	<b>780 800 915</b>
Accumulated surplus		817 727 749	780 800 915

# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Statement of Financial Performance

		2016	2015
	Notes	R	Restated R
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Licence and permits	17	1 885 803	1 727 211
Service charges	19	136 864 338	126 213 585
Rental of facilities and equipment	20	610 809	488 600
Other income	21	60 719 870	1 825 011
Interest revenue	22	42 876 639	34 375 349
<b>Total revenue from exchange transactions</b>		<b>242 957 459</b>	<b>164 629 756</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	18	30 970 962	27 202 262
<b>Transfer revenue</b>			
Government grants	23	144 138 426	117 954 233
Fines		18 528 270	27 606 436
<b>Total revenue from non-exchange transactions</b>		<b>193 637 658</b>	<b>172 762 931</b>
<b>Total revenue</b>	17	<b>436 595 117</b>	<b>337 392 687</b>
<b>Expenditure</b>			
Employee related costs	24	(65 769 338)	(61 181 828)
Remuneration of councillors	25	(7 163 876)	(6 767 379)
Depreciation and amortisation	26	(41 679 091)	(55 654 750)
Finance costs	27	(6 613 493)	(12 617 298)
Debt impairment	28	(60 227 466)	(63 689 746)
Repairs and maintenance		(13 466 460)	(11 837 790)
Bulk purchases	29	(89 373 963)	(78 599 196)
Contracted services	30	(6 167 723)	(5 632 273)
Revenue forgone		-	(4 636 847)
Loss on disposal of assets		(25 072)	-
General expenses	31	(51 284 523)	(25 986 207)
<b>Total expenditure</b>		<b>(341 771 005)</b>	<b>(326 603 314)</b>
<b>Operating surplus</b>		<b>94 824 112</b>	<b>10 789 373</b>
<b>Surplus for the year</b>		<b>94 824 112</b>	<b>10 789 373</b>

## Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

### Statement of Changes in Net Assets

	Accumulated surplus R	Total net assets R
<b>Balance at 30 June 2014</b>	<b>709 652 264</b>	<b>709 652 264</b>
Changes in net assets		
Prior period adjustment (refer to note 46)	60 359 278	60 359 278
Net income (losses) recognised directly in net assets	60 359 278	60 359 278
Surplus for the year	10 789 373	10 789 373
Total recognised income and expenses for the year	71 148 651	71 148 651
Total changes	71 148 651	71 148 651
<b>Balance at 30 June 2015 - Restated</b>	<b>780 800 915</b>	<b>780 800 915</b>
Changes in net assets		
Prior period adjustment (refer to note 46)	(57 897 278)	(57 897 278)
Net income (losses) recognised directly in net assets	(57 897 278)	(57 897 278)
Surplus for the year	94 824 112	94 824 112
Total recognised income and expenses for the year	36 926 834	36 926 834
Total changes	36 926 834	36 926 834
<b>Balance at 30 June 2016</b>	<b>817 727 749</b>	<b>817 727 749</b>

# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Cash Flow Statement

	Notes	2016 R	2015 Restated R
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sale of goods and services		99 295 013	82 237 590
Government grants		152 249 000	117 954 233
Interest revenue		896 744	785 807
Other receipts		4 091 580	3 223 737
		<u>256 532 337</u>	<u>204 201 367</u>
<b>Payments</b>			
Employee costs		(72 933 214)	(67 949 207)
Suppliers and other payments		(144 296 243)	(96 235 580)
Finance costs		(4 379 493)	(9 101 894)
		<u>(221 608 950)</u>	<u>(173 286 681)</u>
<b>Net cash flows from operating activities</b>	33	<b><u>34 923 387</u></b>	<b><u>30 914 686</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3	(42 634 844)	(28 320 114)
Increase in investments		(24 907)	(17 457)
<b>Net cash flows from investing activities</b>		<b><u>(42 659 751)</u></b>	<b><u>(28 337 571)</u></b>
<b>Cash flows from financing activities</b>			
Decrease in borrowings		(1 991 168)	(2 959 215)
<b>Net cash flows from financing activities</b>		<b><u>(1 991 168)</u></b>	<b><u>(2 959 215)</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b><u>(9 727 532)</u></b>	<b><u>(382 100)</u></b>
Cash and cash equivalents at the beginning of the year		13 672 965	14 055 065
<b>Cash and cash equivalents at the end of the year</b>	11	<b><u>3 945 433</u></b>	<b><u>13 672 965</u></b>

# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference - Appendix A and B
	R	R	R	R	R	

### Statement of Financial Performance

#### Revenue

##### Revenue from exchange transactions

Licence and permits	13 820 000	(4 116 000)	<b>9 704 000</b>	1 885 803	<b>(7 818 197)</b>
Service charges	167 993 000	(48 767 000)	<b>119 226 000</b>	136 864 338	<b>17 638 338</b>
Rental of facilities and equipment	468 000	(99 000)	<b>369 000</b>	610 809	<b>241 809</b>
Other income	561 000	5 360 000	<b>5 921 000</b>	60 719 870	<b>54 798 870</b>
Interest revenue	33 132 000	6 708 000	<b>39 840 000</b>	42 876 639	<b>3 036 639</b>
<b>Total revenue from exchange transactions</b>	<b>215 974 000</b>	<b>(40 914 000)</b>	<b>175 060 000</b>	<b>242 957 459</b>	<b>67 897 459</b>

##### Revenue from non-exchange transactions

##### Taxation revenue

Property rates	31 160 000	(347 000)	<b>30 813 000</b>	30 970 962	<b>157 962</b>
<b>Transfer revenue</b>					
Government grants	123 300 000	2 352 000	<b>125 652 000</b>	144 138 426	<b>18 486 426</b>
Fines	17 002 000	(9 481 000)	<b>7 521 000</b>	18 528 270	<b>11 007 270</b>
<b>Total revenue from non-exchange transactions</b>	<b>171 462 000</b>	<b>(7 476 000)</b>	<b>163 986 000</b>	<b>193 637 658</b>	<b>29 651 658</b>
<b>Total revenue</b>	<b>387 436 000</b>	<b>(48 390 000)</b>	<b>339 046 000</b>	<b>436 595 117</b>	<b>97 549 117</b>

#### Expenditure

Personnel	(71 635 000)	2 960 000	<b>(68 675 000)</b>	(65 769 338)	<b>2 905 662</b>
Remuneration of councillors	(6 797 000)	(443 000)	<b>(7 240 000)</b>	(7 163 876)	<b>76 124</b>
Depreciation and amortisation	(34 758 000)	-	<b>(34 758 000)</b>	(41 679 091)	<b>(6 921 091)</b>
Debt impairment	(94 545 000)	20 050 000	<b>(74 495 000)</b>	-	<b>74 495 000</b>
Finance costs	(3 578 000)	1 311 000	<b>(2 267 000)</b>	(6 613 493)	<b>(4 346 493)</b>
Bad debts written off	-	-	<b>-</b>	(60 227 466)	<b>(60 227 466)</b>
Repairs and maintenance	-	(12 845 000)	<b>(12 845 000)</b>	(13 466 460)	<b>(621 460)</b>
Bulk purchases	(78 743 000)	5 743 000	<b>(73 000 000)</b>	(89 373 963)	<b>(16 373 963)</b>
Contracted services	(12 248 000)	(5 532 000)	<b>(17 780 000)</b>	(6 167 723)	<b>11 612 277</b>
Loss on disposal of assets	-	-	<b>-</b>	(25 072)	<b>(25 072)</b>
General Expenses	(41 038 000)	1 500 000	<b>(39 538 000)</b>	(51 284 523)	<b>(11 746 523)</b>
<b>Total expenditure</b>	<b>(343 342 000)</b>	<b>12 744 000</b>	<b>(330 598 000)</b>	<b>(341 771 005)</b>	<b>(11 173 005)</b>
<b>Surplus for the year</b>	<b>44 094 000</b>	<b>(35 646 000)</b>	<b>8 448 000</b>	<b>94 824 112</b>	<b>86 376 112</b>

# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference - Appendix A and B
	R	R	R	R	R	

### Statement of Financial Position

#### Assets

##### Current Assets

Inventories	610 000	40 000	650 000	855 305	205 305
Investments	1 000 000	(268 000)	732 000	757 225	25 225
Trade and other receivables from non-exchange transactions	-	-	-	32 966 390	32 966 390
VAT receivable	-	-	-	24 452 921	24 452 921
Consumer debtors	24 611 000	-	24 611 000	23 886 713	(724 287)
Cash and cash equivalents	10 150 000	4 121 000	14 271 000	7 584 079	(6 686 921)
	<b>36 371 000</b>	<b>3 893 000</b>	<b>40 264 000</b>	<b>90 502 633</b>	<b>50 238 633</b>

##### Non-Current Assets

Investment property	-	-	-	66 492 000	66 492 000
Property, plant and equipment	655 165 000	191 238 000	846 403 000	921 469 808	75 066 808
Intangible assets	40 000	-	40 000	-	(40 000)
Investments	-	732 000	732 000	-	(732 000)
	<b>655 205 000</b>	<b>191 970 000</b>	<b>847 175 000</b>	<b>987 961 808</b>	<b>140 786 808</b>

#### Total Assets

	<b>691 576 000</b>	<b>195 863 000</b>	<b>887 439 000</b>	<b>1 078 464 441</b>	<b>191 025 441</b>
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#### Liabilities

##### Current Liabilities

Borrowings	2 571 000	987 000	3 558 000	5 811 462	2 253 462
Trade and other payables from exchange transactions	83 000 000	34 031 000	117 031 000	150 421 442	33 390 442
Consumer deposits	2 310 000	700 000	3 010 000	2 227 106	(782 894)
Employee benefit obligation	-	-	-	896 000	896 000
Unspent conditional grants and receipts	-	-	-	10 682 336	10 682 336
Provision for rehabilitation of landfill sites	94 545 000	(11 700 000)	82 845 000	17 896 295	(64 948 705)
Bank overdraft	22 500 000	(2 000 000)	20 500 000	3 638 646	(16 861 354)
	<b>204 926 000</b>	<b>22 018 000</b>	<b>226 944 000</b>	<b>191 573 287</b>	<b>(35 370 713)</b>

##### Non-Current Liabilities

Borrowings	45 500 000	(5 100 000)	40 400 000	41 544 405	1 144 405
Employee benefit obligation	-	-	-	27 619 000	27 619 000
Provision for rehabilitation of landfill sites	46 866 000	(4 175 000)	42 691 000	-	(42 691 000)
	<b>92 366 000</b>	<b>(9 275 000)</b>	<b>83 091 000</b>	<b>69 163 405</b>	<b>(13 927 595)</b>

#### Total Liabilities

	<b>297 292 000</b>	<b>12 743 000</b>	<b>310 035 000</b>	<b>260 736 692</b>	<b>(49 298 308)</b>
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#### Net Assets

	<b>394 284 000</b>	<b>183 120 000</b>	<b>577 404 000</b>	<b>817 727 749</b>	<b>240 323 749</b>
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#### Reserves

Accumulated surplus	394 284 000	183 120 000	577 404 000	817 727 749	240 323 749
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# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference - Appendix A and B
	R	R	R	R	R	

### Cash Flow Statement

#### Cash flows from operating activities

##### Receipts

Sale of goods and services and other receipts	145 064 000	(30 793 000)	<b>114 271 000</b>	99 295 013	<b>(14 975 987)</b>
Government Grants	123 300 000	500 000	<b>123 800 000</b>	152 249 000	<b>28 449 000</b>
Interest revenue	567 000	-	<b>567 000</b>	896 744	<b>329 744</b>
Other receipts	-	-	-	4 091 580	<b>4 091 580</b>
	<b>268 931 000</b>	<b>(30 293 000)</b>	<b>238 638 000</b>	<b>256 532 337</b>	<b>17 894 337</b>

##### Payments

Suppliers, employee and other payments	(240 210 000)	-	<b>(240 210 000)</b>	(217 229 457)	<b>22 980 543</b>
Finance costs	(3 578 000)	-	<b>(3 578 000)</b>	(4 379 493)	<b>(801 493)</b>
	<b>(243 788 000)</b>	-	<b>(243 788 000)</b>	<b>(221 608 950)</b>	<b>22 179 050</b>

<b>Net cash flows from operating activities</b>	<b>25 143 000</b>	<b>(30 293 000)</b>	<b>(5 150 000)</b>	<b>34 923 387</b>	<b>40 073 387</b>
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#### Cash flows from investing activities

Purchase of property, plant and equipment	(27 235 000)	(31 569 000)	<b>(58 804 000)</b>	(42 634 844)	<b>16 169 156</b>
Increase in investments	-	-	-	(24 907)	<b>(24 907)</b>
<b>Net cash flows from investing activities</b>	<b>(27 235 000)</b>	<b>(31 569 000)</b>	<b>(58 804 000)</b>	<b>(42 659 751)</b>	<b>16 144 249</b>

#### Cash flows from financing activities

Decrease in borrowings	(1 950 000)	-	<b>(1 950 000)</b>	(1 991 168)	<b>(41 168)</b>
Net increase/(decrease) in cash and cash equivalents	(4 042 000)	(61 862 000)	<b>(65 904 000)</b>	(9 727 532)	<b>56 176 468</b>
Cash and cash equivalents at the beginning of the year	(5 299 000)	-	<b>(5 299 000)</b>	13 672 965	<b>18 971 965</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>(9 341 000)</b>	<b>(61 862 000)</b>	<b>(71 203 000)</b>	<b>3 945 433</b>	<b>75 148 433</b>



# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1. Presentation of Financial Statements

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand, which is the functional currency of the municipality, and rounded to the nearest Rand.

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these financial statements, are disclosed below.

These accounting policies are consistent with the previous period. The details of any changes in accounting policies are explained in the relevant policy.

#### 1.1 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

##### Financial assets

The Municipality assesses its trade receivables and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the Municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

##### Impairment testing

The recoverable amounts of cash-generating units/ individual assets and non-cash generating assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the fair value assumption may change which may then impact estimations and may then require a material adjustment to the carrying value of related assets.

The Municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for the assets. Expected future cash flows used to determine the value in use of related assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including supply and demand for municipal services, timing of cash flows, together with economic factors such as inflation and interest rates. Refer to sections 1.7 and 1.8 for more detail on the accounting policies for impairment of cash-generating and non-cash-generating assets.

##### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 16 - Provisions.

Provisions are measured at the best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

##### Useful lives and residual values of property, plant and equipment

The Municipality's management determines the estimated useful lives and residual values of property, plant and equipment. This estimate is based on judgment and the Municipality's plans with respect to the assets. Accumulated depreciation is adjusted accordingly to reflect the change in useful lives.

# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.1 Significant judgements and sources of estimation uncertainty (continued)

#### Post-retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The Municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 9.

### 1.2 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially to acquire an investment property and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

#### Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the Municipality determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the Municipality determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the Municipality measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The Municipality applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the Municipality becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.2 Investment property (continued)

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

### 1.3 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the Municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the fair value of the asset acquired or the asset given is not reliably measurable the cost of such an item of property, plant and equipment is measured at fair value of the asset acquired. If the acquired item's fair value was not determinable, the cost of the asset is measured at the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the Municipality is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment when they meet the definition of property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value. Land is not depreciated as it is deemed to have an indefinite useful life.

The useful lives of items of property, plant and equipment have been assessed as follows:

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# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Accounting Policies

### 1.3 Property, plant and equipment (continued)

Item	Depreciation method	Useful life
Land	Straight line	Indefinite
Buildings	Straight line	30 years
<b>Infrastructure:</b>		
Electricity	Straight line	5 - 80 years
Roads	Straight line	5 - 80 years
Water	Straight line	10 - 100 years
Sewerage	Straight line	15 - 100 years
Pedestrians malls	Straight line	10 - 100 years
Housing	Straight line	80 years
Solid waste	Straight line	5 - 100 years
Rail waste	Straight line	20 - 100 years
ICT	Straight line	1 - 120 years
<b>Other property, plant and equipment:</b>		
Buildings	Straight line	20 - 80 years
Office equipment	Straight line	3 - 5 years
Furniture and fittings	Straight line	7 years
Other items of plant and equipment	Straight line	2 - 20 years
Specialised vehicles	Straight line	3 - 20 years
Specialised plant and equipment	Straight line	10 - 20 years
Water craft	Straight line	15 years
<b>Community:</b>		
Buildings and other assets	Straight line	20 - 80 years
Recreation facilities	Straight line	10 - 80 years
Security measures	Straight line	5 - 15 years

The residual value, and the useful life and depreciation method of each asset are reviewed at least at each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

#### Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying value and is recognised in surplus or deficit.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure on an asset is capitalised when such expenditure meets the recognition criteria and definition of an asset.

### 1.4 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

#### Initial recognition

Financial instruments are recognised when the Municipality becomes a party to contractual provision of the instruments.

Financial instruments are initially recognised at fair value. In the case of a financial instrument not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial instrument are added to the fair value.

Financial Instruments are categorised according to their nature as either financial instruments at fair value, held at amortised cost, or held at cost. The classification depends on the nature and terms of the financial instrument for which the financial instruments were obtained / incurred and takes place at initial recognition.

# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.4 Financial instruments (continued)

#### Subsequent measurement of financial assets and financial liabilities

##### Trade and other receivables

Debtors are subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Bad debts are written off during the year in which they are identified in surplus or deficit.

##### Trade and other payables

Trade payables are subsequently measured at amortised cost, using the effective interest rate method.

##### Cash and cash equivalents, and short-term investments

Cash and cash equivalents comprise cash on hand and demand deposits; and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash and cash equivalents are initially measured at fair value and subsequently measured at amortised cost.

##### Bank overdraft, borrowings and other financial liabilities

Borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the effective interest rate method.

Bank overdraft and other financial liabilities are subsequently carried at amortised cost.

##### Impairment and uncollectibility of financial assets

The Municipality assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

##### Financial assets measured at amortised cost

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.4 Financial instruments (continued)

#### Derecognition

##### Financial assets

The Municipality derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the Municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the Municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Municipality :
  - derecognise the asset; and
  - recognise separately any rights and obligations created or retained in the transfer.

On the derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received (including any asset obtained less any liability assumed) is recognised in surplus or deficit.

##### Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled, waived or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in surplus or deficit.

### 1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

#### Operating leases - The Municipality as lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

#### Operating leases -The Municipality as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

### 1.6 Inventories

Inventories are recognised as an asset if:

- it is probable that future economic benefits or service potential associated with the item will flow to the Municipality; and
- the cost of the inventories can be measured reliably.

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.6 Inventories (continued)

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for:

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the Municipality would incur to acquire the asset on the reporting date.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the Municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### 1.7 Impairment of cash-generating assets

The Municipality classifies all assets held with the primary objective of generating a commercial return as cash generating assets. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

The Municipality assesses at each reporting date whether there is any indication that an asset maybe be impaired, or more frequently where events or changes in circumstances indicate that an asset may be impaired. When such an indication exists, the Municipality determines the recoverable amount of the asset.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. A cash generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets

The Municipality estimates the value in use of an asset by:

- estimating the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal; and
- applying the appropriate discount rate to those future cash flows.

If the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired and the impairment loss is recognised immediately in surplus or deficit.

Impairment loss of a cash-generating unit is allocated to decrease the carrying amount of the assets of the unit on a pro-rata basis, based on the carrying amount of each asset in the unit. After allocating the impairment loss, the carrying amount should be the highest of, its fair value less cost to sell; or value in use; or zero.

An impairment loss recognised on prior periods for an asset is reversed when there has been a change in the estimate used to determine the asset recoverable service amount since the last impairment loss was recognised.

Reversal of an impairment loss for a group of assets / cash-generating unit should be allocated to the cash-generating assets of the unit, pro rata with the carrying amount of those assets.



# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.8 Impairment of non-cash-generating assets

Non-cash-generating assets are those assets held by the Municipality without an intention of generating a commercial return and held primarily for service delivery purposes. The Municipality classifies all assets held with the primary objective of generating a commercial return as cash generating assets. The Municipality applies its judgment in cases where it is not clear whether the primary objective is to generate a commercial return.

The Municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Municipality determines the recoverable service amount of the asset. The recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

The Municipality estimates the value in use of an asset by:

- estimating the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal; and
- applying the appropriate discount rate to those future cash flows.

If the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired and the impairment loss is recognised immediately in surplus or deficit.

An impairment loss recognised in prior periods for an asset is reversed when there has been a change in the estimate used to determine the asset's recoverable service amount since the last impairment loss was recognised.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. The increase in the carrying amount of an asset due to the reversal of an impairment loss should not exceed what the carrying amount would have been if no impairment loss had been recognised.

### 1.9 Employee benefits

#### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

#### Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the Municipality's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.



# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.9 Employee benefits (continued)

For defined benefit plans the cost of providing the benefits is determined using the projected unit credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the Municipality is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In the statement of financial performance, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised past service costs, and reduced by the fair value of plan assets.

#### Other employee benefits

The Municipality provides post-retirement health care benefits, upon retirement to retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations.

The Municipality also provides long service awards. Awards are accrued over the period of employment.

Independent qualified actuaries carry out valuations of these awards.

The cost of providing the above mentioned benefits is determined using the projected unit credit method.

#### Actuarial gains/losses

Actuarial gains and losses may result from increases or decreases in either the present value of a defined employee benefit obligation or the fair value of any related plan assets. Causes of actuarial gains and losses may include:

- unexpectedly high or low rates of employee turnover, early retirement or mortality or of increase in salaries, benefits or medical costs;
- the effect of changes in estimates of future employee turnover, early retirement or mortality or of increase in salaries, benefits or medical costs;
- the effect of changes in the discount rate; and
- differences between the actual return on plan assets and the expected return on plan assets.

Actuarial gains and losses are recognised in full in the year that they occur in surplus or deficit.

### 1.10 Provisions and contingencies

Provision is a liability of uncertain timing or amount.

The provision for landfill site is recognised when:

- the Municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.10 Provisions and contingencies (continued)

Where the effect of time value of money is material, the amount of a provision is the present value of the future expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

The provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. The provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of the provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

Provisions are not recognised for future operating deficits.

If the Municipality has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. A contingent liability is disclosed in a note to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed in a note to the financial statements where an inflow of economic benefits or service potential is probable. Contingencies are disclosed in the relevant note to the financial statements.

### 1.11 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts, volume rebates and Value Added Tax (VAT).

#### Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.11 Revenue from exchange transactions (continued)

#### Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Stage of completion is determined by:

- surveys of work performed;
- services performed to date as a percentage of total services to be performed; or
- the proportion that the costs incurred to date bear to the total estimated costs of the transaction.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

#### Interest

Revenue arising from the use by others of the Municipality assets yielding interest, royalties and dividends is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

### 1.12 Revenue from non-exchange transactions

In a non-exchange transaction, the Municipality either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the Municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the Municipality.

# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.12 Revenue from non-exchange transactions (continued)

#### Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the Municipality.

When, as a result of a non-exchange transaction, the Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

#### Property rates

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount and the effective interest rate applicable.

#### Transfers and grants

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

The Municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Income received from conditional grants, donations and subsidies is recognised to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised.

Grants and receipts of a revenue nature: Income is transferred as revenue to surplus or deficit to the extent that the criteria, conditions or obligations have been met.

#### Fines

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the Municipality.

Where the Municipality collects fines in the capacity of an agent, the fine will not be revenue of the Municipality.

IGRAP1 indicates that non-payment in exchange and non-exchange revenue transactions should be considered when assessing impairment rather than in the initial consideration of whether or not it is probable that economic benefits or service potential will flow to the entity. As public sector entities are required to collect all revenue due to them, IGRAP1 ensures that appropriate accountability is exercised over this process.

#### Income foregone

In terms of the Municipal Property Rates Act, Act 6 of 2004 rebates and exemptions from property rates are provided. Rebates and exemptions are reductions in the amounts of property rates payable by property owners. They are foregone revenue and do not give rise to inflows or outflows of resources.

The effect is therefore that no revenue is recognised by the Municipality in the statement of financial performance for any rebates or exemptions granted.

# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.12 Revenue from non-exchange transactions (continued)

#### Indigent subsidy

All registered indigents receive a monthly subsidy for basic services which is funded from the equitable share.

The Municipality does not recognise revenue for the provision of free basic services in the statement of financial performance; however it does recognise an expense for such services provided in the statement of financial performance.

### 1.13 Comparative figures and prior period errors

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

The Municipality corrects material prior period errors retrospectively in the first set of financial statements authorised for issue after their discovery by:

- restating the comparative amounts for the prior period(s) presented in which the error occurred; or
- if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets for the earliest prior period presented.

### 1.14 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of the total amount appropriated in the Municipality's approved budget;
- overspending of the total amount appropriated for a vote in the approved budget;
- expenditure from a vote unrelated to the department or functional area covered by the vote;
- expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- spending of an allocation otherwise than in accordance with any conditions of the allocation; or
- a grant by the municipality otherwise than in accordance with MFMA.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.15 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.16 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the statement of financial performance and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.17 Consumer deposit

Before a service may be supplied to any consumer, she/he must-

- enter into a service-delivery agreement with the municipality and such agreement must provide for a deposit to be paid as security; and
- pay the required security deposit.

A consumer must enter into a separate service-delivery agreement in respect of every separate property. The deposit to be paid must be in accordance with the approved tariff listing of the municipality, which tariff listing forms part of the annual budget of the municipality.

The municipality must maintain a deposit register. The total sum of deposits received constitutes a liability in the books of the municipality. No interest accrues in favour of the consumer upon termination of the service-delivery agreement with the municipality.

The deposit will first be offset against any outstanding balance and the balance, if any, will be refunded to the depositor/debtor.

### 1.18 Commitments

Where the Municipality has committed itself to future transactions where there is the probability of the outflow of resources, it is regarded as capital commitments.

The identified capital commitments are only disclosed in the notes to the financial statements and are not regarded as liabilities.

The commitments are disclosed when the specific expenditure is approved and the tender has already been awarded to certain contractors at reporting date. If the contract has been awarded at reporting date, but the goods or services have not been delivered/rendered, the Municipality also discloses the contract as a capital commitment.

### 1.19 Budget information

The budget has been included in the financial statements in accordance with GRAP 24.

The approved budget covers the fiscal period from 2015/07/01 to 2016/06/30.

The financial statements and the budget are both prepared on the accrual basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of Comparison of Budget and Actual Amounts.

The comparison between the last budget approved by the Municipal Council and the final budget is included as an appendix to the financial statements. Explanations of the significant variances between the last approved budget and final budget are included in the related appendix.

Furthermore explanations of the significant variances between the budget and actual amounts are also included as an appendix to the financial statements.

# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.20 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. Related party relationships where control exists are disclosed regardless of whether any transactions took place between the parties during the reporting period.

Subject to the exception discussed below, if the Municipality has had related party transactions during the periods covered by the financial statements, it discloses the nature of the related party relationship as well as information about those transactions and outstanding balances, including commitments, necessary for users to understand the potential effect of the relationship on the financial statements. These disclosures will be in addition to the disclosure of remuneration of management.

The Municipality does not disclose related party transactions where such transactions occur within:

- normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the Municipality to have adopted if dealing with that individual entity or person in the same circumstances; and
- terms and conditions within the normal operating parameters established by the Municipality's legal mandate.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Related parties include key management personnel and close members of the family of key management personnel and councillors.

Key management personnel include all directors or members of the Municipal Council where the Council has jurisdiction. The Council, together with the Municipal Manager and Section 57 employees has authority and responsibility to plan and control the activities of the municipality, to manage the resources and for the overall achievement of Municipal objectives. Therefore, key management personnel will include the Municipal Manager, Deputy Municipal Managers and Chief Financial Officer of the Municipality. Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the Municipality.

### 1.21 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue.

The date of authorisation for issue is the date on which the Accounting Officer signs off the annual financial statements.

Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The amounts recognised in the financial statements are adjusted to reflect any adjusting events after the reporting date.

The amounts recognised in the financial statements are not adjusted for non-adjusting events after the reporting date.

Disclosure of a material non-adjusting event is made in a note to the financial statements.

### 1.22 Going concern

The annual financial statements have been prepared on the assumptions that the Municipality will continue to operate as a going concern for at least the next twelve months.

### 1.23 VAT

The Municipality is registered with SARS for VAT on the payment basis, in accordance with Sec15 (2)(a) of the Value-Added Tax Act No 89 of 1991

# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

2016 2015 Restated

## 2. New standards and interpretations

### 2.1 Standards and interpretations issued, but not yet effective

The Municipality has not applied the following standards and interpretations, which have been issued but not yet effective:

#### **GRAP 18: Segment Reporting**

Compliance with this standard would have had an effect on the presentation only. Financial information would have been reported by segments. The disclosure of this information will assist users of the financial statements to better understand the Municipality's past performance and to identify the resources allocated to support the major activities of the Municipality

Municipalities and municipal entities are not required to apply or early adopt GRAP 18 Segment Reporting as the Minister of Finance has not yet determined the effective date for application.

#### **GRAP 20: Related parties disclosures**

The objective of this Standard is to ensure that a reporting entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

Compliance with this Standard would have had an effect on the presentation only.

No effective date has been determined by the Minister of Finance.

#### **GRAP 32: Service Concession Arrangement: Grantor**

The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor, a public sector entity.

Compliance with this Standard will not have an impact on the current financial information as the Municipality does not currently have any service concessions arrangements.

No effective date has been determined by the Minister of Finance.

#### **GRAP 108: Statutory Receivables**

The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

It furthermore covers definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.

When this Standard becomes effective, it will have an effect on the recognition, measurement, presentation and disclosure of statutory receivables.

The effective date of the Standard is not yet set by the Minister of Finance.

The Municipality expects to adopt the standard for the first time when the Minister has set the effective date for the Standard.

#### **GRAP 109: Accounting by Principals and Agents**

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.

Compliance with this Standard would have had an effect on the disclosure as the recognition and measurement of revenue, expenses, assets and/or liabilities are dealt with by other applicable standards of GRAP.

The effective date of the Standard is not yet set by the Minister of Finance.



# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

	2016	2015
	R	R

### 2. New standards and interpretations (continued)

The Municipality expects to adopt the standard for the first time when the Minister has set the effective date for the Standard.

#### New standards and interpretations (continued)

##### **IGRAP17: Interpretation of the Standard of GRAP on Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset**

This Interpretation of the Standards of GRAP provides guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease. This Interpretation of the Standards of GRAP shall not be applied by analogy to other types of transactions or arrangements.

A service concession arrangement is a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. The operator is compensated for its services over the period of the service concession arrangement, either through payments, or through receiving a right to earn revenue from third party users of the service concession asset, or the operator is given access to another revenue-generating asset of the grantor for its use.

Before the grantor can recognise a service concession asset in accordance with the Standard of GRAP on Service Concession Arrangements: Grantor, both the criteria as noted in paragraph .01 of this Interpretation of the Standards of GRAP need to be met. In some service concession arrangements, the grantor only controls the residual interest in the service concession asset at the end of the arrangement, and can therefore not recognise the service concession asset in terms of the Standard of GRAP on Service Concession Arrangements: Grantor.

A consensus is reached, in this Interpretation of the Standards of GRAP, on the recognition of the performance obligation and the right to receive a significant interest in a service concession asset.

Compliance with this Interpretation will not have an impact on the current financial information as the municipality does not currently have any service concessions arrangements.

The effective date of this Interpretation is not yet set by the Minister of Finance.

# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

Figures in Rand

### 3. Property, plant and equipment

	2016			2015 Restated		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Land and buildings	228 669 149	(80 181 182)	148 487 967	228 669 149	(75 799 336)	152 869 813
Infrastructure	1 346 591 091	(610 040 472)	736 550 619	1 263 862 032	(578 418 397)	685 443 635
Community	61 961 204	(40 314 626)	21 646 578	61 870 869	(37 607 964)	24 262 905
Work in progress	11 256 591	-	11 256 591	16 723 288	-	16 723 288
Other assets	34 720 884	(31 192 831)	3 528 053	34 720 884	(28 255 380)	6 465 504
<b>Total</b>	<b>1 683 198 919</b>	<b>(761 729 111)</b>	<b>921 469 808</b>	<b>1 605 846 222</b>	<b>(720 081 077)</b>	<b>885 765 145</b>

### Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals / derecognition	Transfers	Depreciation	Closing balance
Land and buildings	152 869 813	-	-	-	(4 381 846)	148 487 967
Infrastructure	685 443 635	34 908 386	-	47 820 672	(31 622 074)	736 550 619
Community	24 262 905	146 466	(25 072)	-	(2 737 721)	21 646 578
Work in progress	16 723 288	42 634 844	(280 869)	(47 820 672)	-	11 256 591
Other assets	6 465 504	-	-	-	(2 937 451)	3 528 053
	<b>885 765 145</b>	<b>77 689 696</b>	<b>(305 941)</b>	<b>-</b>	<b>(41 679 092)</b>	<b>921 469 808</b>

# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

Figures in Rand

### 3. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals / derecognition	Transfers	Prior period adjustment	Depreciation	Closing balance
Land and buildings	128 857 463	-	-	-	30 259 153	(6 246 803)	152 869 813
Infrastructure	672 697 850	-	(473 038)	10 555 527	46 002 724	(43 339 428)	685 443 635
Community	26 713 262	-	-	-	665 461	(3 115 818)	24 262 905
Work in progress	-	27 278 815	-	(10 555 527)	-	-	16 723 288
Other assets	8 436 788	1 041 299	(62 351)	-	2 469	(2 952 701)	6 465 504
	<b>836 705 363</b>	<b>28 320 114</b>	<b>(535 389)</b>	<b>-</b>	<b>76 929 807</b>	<b>(55 654 750)</b>	<b>885 765 145</b>

No assets are pledged as security and there are no restrictions on the title for property, plant and equipment.

# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

	2016	2015
	R	R

### 4. Investment property

	2016			2015 Restated	
	Valuation	Fair value adjustment	Carrying value	Valuation	Prior period adjustment
Investment property	66 492 000	-	66 492 000	35 988 473	30 503 527
					66 492 000

### Reconciliation of investment property - 2016

	Opening balance	Closing balance
Investment property	66 492 000	66 492 000

### Reconciliation of investment property - 2015

	Opening balance	Prior period adjustment	Closing balance
Investment property	35 988 473	30 503 527	66 492 000

No assets are pledged as security.

The significant portion of the Municipality's investment property is vacant land.

Investment properties were valued by an independent professional valuer.

### 5. Inventories

Consumable stores	822 359	1 441 569
Water stock	32 946	30 830
	<b>855 305</b>	<b>1 472 399</b>

There were no inventory write downs during the year.

No inventories are pledged as security.

### 6. Investments

#### At amortised cost

First National Bank Limited	370 831	345 924
SWK Shares Maquassi	6 612	6 612
SWK Shares Wolmaransstad	8 920	8 920
SWK Shares Leeudoringstad	10 862	10 862
ABSA Bank Limited	360 000	360 000
	<b>757 225</b>	<b>732 318</b>

#### Current assets

At amortised cost	757 225	732 318
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No investments are pledged as security / collateral.

# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

	2016 R	2015 R
<b>7. Receivables from non-exchange transactions</b>		
Fines	15 712 340	13 693 655
Other consumer debt	6 368 615	3 736 969
Other debtors	2 627 436	2 894 775
Property rates	8 257 999	2 743 087
	<b>32 966 390</b>	<b>23 068 486</b>
<b>As at 30 June 2016</b>	<b>Gross Balance</b>	<b>Impairment Net Balance</b>
Fines	52 388 513	(36 676 173) 15 712 340
Other debtors - billing	156 273 111	(149 904 496) 6 368 615
Other debtors	2 627 436	- 2 627 436
Property rates	53 051 618	(44 793 619) 8 257 999
	<b>264 340 678</b>	<b>(231 374 288) 32 966 390</b>
<b>As at 30 June 2015</b>	<b>Gross Balance</b>	<b>Impairment Net Balance</b>
Fines	44 822 093	(31 128 438) 13 693 655
Other debtors - billing	115 955 694	(112 218 725) 3 736 969
Other debtors	2 894 775	- 2 894 775
Property rates	43 599 806	(40 856 719) 2 743 087
	<b>207 272 368</b>	<b>(184 203 882) 23 068 486</b>
<b>Ageing as at 30 June 2016</b>	<b>Property rates</b>	<b>Other debtors - billing</b>
Current (0-30 days)	2 102 327	4 124 011
31 - 60 days	1 308 105	4 052 028
61 - 90 days	1 217 557	3 806 813
91+ days	48 423 629	144 290 259
<b>Total</b>	<b>53 051 618</b>	<b>156 273 111</b>
<b>Ageing as at 30 June 2015</b>	<b>Property rates</b>	<b>Other debtors - billing</b>
Current (0-30 days)	1 848 945	2 836 771
31 - 60 days	1 158 642	3 031 292
61 - 90 days	1 062 342	2 991 665
91+ days	39 529 877	107 095 966
<b>Total</b>	<b>43 599 806</b>	<b>115 955 694</b>
<b>Reconciliation of allowance for impairment</b>		
Beginning of the year	184 203 882	129 649 046
VAT provision	21 543	15 406
Contribution to provision	47 148 863	54 539 430
<b>Balance at the end of year</b>	<b>231 374 288</b>	<b>184 203 882</b>
<b>8. VAT receivable</b>		
VAT	24 452 921	18 918 111

# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

	2016	2015
	R	R

### 9. Employee benefit obligation

#### Defined benefit plan

##### Post-retirement health care benefits

The Municipality offers employees and continuation members the opportunity of belonging to one of several medical schemes, most of which offer a range of options pertaining to levels of cover.

Upon retirement, an employee may continue membership of the medical scheme. Upon a member's death-in-service or death-in-retirement, the surviving dependents may continue membership of the medical scheme.

Eligible employees are entitled to receive a post-employment subsidy, which will be at a rate of 60% of the contribution payable should they be a member of a medical scheme at retirement. All continuation members and their eligible dependants receive a 60% subsidy.

The projected unit credit method has been used to value the liability. The valuation was performed by Ernst & Young as at 30 June 2016.

There are no assets backing the post-retirement health care liability.

##### Long service awards

The Municipality offers employees long service award for every five years of service completed, from ten years of service to 40 years of service, inclusive. The recognition of service is calculated from the later of the date of appointment and 1 July 1986.

The projected unit credit method has been used to value the liability. The valuation was performed by Ernst & Young as at 30 June 2016.

There are no assets backing the long service award liability.

#### The amounts recognised in the statement of financial position are as follows:

##### Carrying value

Opening balances	23 601 314	25 714 755
Current services costs	1 903 000	1 805 851
Benefits paid	(703 314)	(817 321)
Actuarial loss/(gain)	1 480 000	(5 425 863)
Interest cost	2 234 000	2 323 892

##### Closing balance

**28 515 000 23 601 314**

Non-current liabilities	(27 619 000)	(19 905 469)
Current liabilities	(896 000)	(3 695 845)

**(28 515 000) (23 601 314)**

#### Net expense recognised in the statement of financial performance

Current service cost	1 903 000	1 805 851
Benefits paid	(703 314)	(817 321)
Interest cost	2 234 000	2 323 892
Actuarial loss/(gain)	1 480 000	(5 425 863)
	<b>4 913 686</b>	<b>(2 113 441)</b>

# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

	2016 R	2015 R
<b>9. Employee benefit obligation (continued)</b>		
<b>9.1 Post retirement health care benefits</b>		
Opening balance	20 573 355	23 136 325
Current services costs	1 312 000	1 557 908
Benefits paid	(504 355)	(472 716)
Actuarial loss/(gain)	1 591 000	(5 780 791)
Interest cost	1 968 000	2 132 629
<b>Closing balance</b>	<b>24 940 000</b>	<b>20 573 355</b>
<b>Net expense recognised in Statement of Financial Performance</b>		
Current services costs	1 312 000	1 557 908
Benefits paid	(504 355)	(472 716)
Actuarial loss/(gain)	1 591 000	(5 780 791)
Interest cost	1 968 000	2 132 629
	<b>4 366 645</b>	<b>(2 562 970)</b>
<b>9.2 Long service award</b>		
Opening balance	3 027 959	2 578 430
Current services costs	591 000	247 943
Benefits paid	(198 959)	(344 605)
Actuarial (gain)/loss	(111 000)	354 928
Interest cost	266 000	191 263
<b>Closing balance</b>	<b>3 575 000</b>	<b>3 027 959</b>
<b>Net expense recognised in Statement of Financial Performance</b>		
Current services costs	591 000	247 943
Benefits paid	(198 959)	(344 605)
Actuarial (gain)/loss	(111 000)	354 928
Interest cost	266 000	191 263
	<b>547 041</b>	<b>449 529</b>
<b>Key assumptions used - Post-retirement Health Care Benefits</b>		
Assumptions used at the reporting date:		
Discount rate used	9.6 %	9.4 %
Health care cost inflation rate	8.6 %	8.4 %
Price inflation rate	7.1 %	6.9 %
Number of eligible in-service members and non-members	250	261
Number of continuation (retiree and widow) members	13	14

# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

	2016	2015
	R	R

### 9. Employee benefit obligation (continued)

#### Sensitivity Analysis - Post-retirement Health Care Benefits

Below is the summary of the results of sensitivity analysis:

A percentage point change in the assumed discount rate and health care inflation would have the following effect:

	1% increase	1% decrease
Effect of discount rate changes on the defined benefit obligation	(3 820 000)	4 898 000
Effect of health care inflation changes on the defined benefit obligation	4 888 000	(3 876 000)

#### Key assumptions used - Long Service Awards

	2016	2015
Discount rate used	8.80%	8.24%
Salary inflation rate	7.40%	6.98%
Price inflation rate	6.40%	5.98%
Normal retirement age	63	63
Number of eligible in-service members	250	262

#### Sensitivity Analysis - Long Service Awards

Below is the summary of the results of sensitivity analysis:

A percentage point change in the assumed discount rate and salary inflation rate would have the following effects:

	1% increase	1% decrease
Effect of discount rate changes on the obligation	(234 000)	264 000
Effect of salary inflation changes on the obligation	272 000	(235 000)

#### Basis for the discount rate used

The discount rate used for post-retirement healthcare benefits and long service award obligation as at 30 June 2016 has been derived from the government bond yield curve published by the Bond Exchange of South Africa at the same date.



# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

	2016 R	2015 R
<b>10. Trade and other receivables from exchange transactions</b>		
<b>Gross balances</b>		
Electricity	15 941 141	21 167 689
Water	257 244 292	214 020 319
Sewerage	150 438 239	127 437 752
Refuse	77 835 327	66 242 288
	<b>501 458 999</b>	<b>428 868 048</b>
<b>Less: Allowance for impairment</b>		
Electricity	(10 097 613)	(12 638 991)
Water	(247 918 117)	(207 211 739)
Sewerage	(144 103 379)	(123 180 666)
Refuse	(75 453 177)	(64 815 049)
	<b>(477 572 286)</b>	<b>(407 846 445)</b>
<b>Net balance</b>		
Electricity	5 843 528	8 528 698
Water	9 326 175	6 808 580
Sewerage	6 334 860	4 257 086
Refuse	2 382 150	1 427 239
	<b>23 886 713</b>	<b>21 021 603</b>
<b>Ageing as at 30 June 2016</b>		<b>Gross balance</b>
Current (0-30 days)		15 135 083
31 - 60 days		9 052 380
61 - 90 days		8 851 756
91+ days		468 419 780
		<b>501 458 999</b>
<b>Ageing as at 30 June 2015</b>		<b>Gross balance</b>
Current (0-30 days)		14 093 097
31 - 60 days		7 689 858
61 - 90 days		8 769 221
91+ days		398 315 872
		<b>428 868 048</b>
<b>Reconciliation of allowance for impairment</b>		
Balance at beginning of the year	407 846 445	342 711 802
Contribution to allowance	61 148 337	57 159 195
Debt impairment written off against allowance	8 577 504	7 975 448
<b>Balance at the end of year</b>	<b>477 572 286</b>	<b>407 846 445</b>

# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

	2016 R	2015 R
<b>11. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	3 010	2 960
Bank balances	7 581 069	16 102 689
Bank overdraft	(3 638 646)	(2 432 684)
	<b>3 945 433</b>	<b>13 672 965</b>
Current assets	7 584 079	16 105 649
Current liabilities	(3 638 646)	(2 432 684)
	<b>3 945 433</b>	<b>13 672 965</b>

### The municipality had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
ABSA BANK - Current Account 4055605473	361 028	655 122	(3 638 646)	(2 432 684)
ABSA Bank - Current Account - 4061545689	848 209	623 833	1 215 106	623 833
ABSA Bank - Current Account - 4050989969	2 260 757	1 346 385	760 726	1 346 385
ABSA Bank - Current Account - 4064023765	3 661 289	12 550 883	2 050 320	12 550 883
ABSA Bank - Current Account -4064584280	4 578	5 464	5 046	5 464
ABSA Bank - Current Account - 4055636965	24 044	24 721	24 721	24 721
ABSA Bank - Current Account -4049678703	96 288	96 327	92 288	96 327
ABSA Bank - Current Account- 4055686261	221 343	948 301	221 343	948 302
ABSA Bank - Current Account - 4052543232	6 615	77 389	6 615	77 389
ABSA Bank - Current Account - 4064692380	21 303	20 870	20 854	20 870
ABSA Bank - Current Account - 9126643503	367 251	343 593	367 251	343 593
ABSA Bank - Current Account - 9138622959	69 392	64 922	69 392	64 922
<b>Total</b>	<b>7 942 097</b>	<b>16 757 810</b>	<b>1 195 016</b>	<b>13 670 005</b>

# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

	2016	2015
	R	R

### 12. Borrowings

#### At amortised cost

Annuity loan DBSA 61007163	656 057	1 061 924
Annuity loan DBSA 61007165	45 836 753	47 442 183
Annuity loan DBSA 10263/102	118 208	346 389
Dr KK District Municipality	744 849	496 539
<b>Total borrowings</b>	<b>47 355 867</b>	<b>49 347 035</b>

#### Non-current liabilities

At amortised cost	41 544 405	43 761 439
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#### Current liabilities

At amortised cost	5 811 462	5 585 596
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The Municipality received three loans from the Development Bank of Southern Africa (DBSA) to fund infrastructure expenditure and one is currently being paid by Dr KK District Municipality and therefore the loan account is created.

The terms are as follows:

	Interest rate	Redemption date
DBSA 61007163	7.5%	30.06.2017
DBSA 61007165	5%	30.06.2033
DBSA 10236/102	10%	30.09.2016
Dr KK District Municipality	10%	30.09.2016

### 13. Trade and other payables from exchange transactions

Trade creditors	44 297 518	56 112 378
Accruals	84 111 032	58 405 157
Retention	5 665 668	3 633 401
Leave pay accrual	7 614 668	6 788 145
Payments received in advance	3 613 578	3 163 855
Other creditors	2 034 770	335 427
Bonus accrual	1 197 991	1 074 732
Performance bonus accrual	316 088	575 875
Deposits	579 927	398 283
	225 602	226 988
Consumer debt	764 600	764 600
Department of Human Settlement		
	<b>150 421 442</b>	<b>131 478 841</b>

Trade payables are normally settled within 30 days.

The leave pay accrual is accrued at the Basic Conditions of Employment Act rate and is accumulated to a maximum of 48 days per employee. The leave pay accrual represents the number of leave days due to individual staff members at year end. The amount of the accrual is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Payments received in advance represents advance payments made by customers.

# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

	2016	2015
	R	R

### 14. Consumer deposits

Water and Electricity	2 227 106	2 124 152
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The amount reflected represent a cost value. No interest accrues in favour of the consumer upon termination of the service delivery with the Municipality.

### 15. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

#### Unspent conditional grants and receipts

Municipal Infrastructure Grant	10 398 093	-
Provincial Government Library Grant	177 963	572 465
EPWP Roads	74 894	1 274 895
Finance Management Grant	11 070	412 070
Dr Kenneth Kaunda District Municipality	20 316	312 334
	<b>10 682 336</b>	<b>2 571 763</b>

#### Movement during the year

Unspent at the beginning of the year	2 571 763	3 637 994
Amounts received during current year	61 972 000	116 888 002
Transferred to revenue during current year	(52 260 427)	(117 954 233)
Amounts returned to National Treasury during the year	(1 601 000)	-
	<b>10 682 336</b>	<b>2 571 763</b>

See Note 23 for reconciliation of grants from National/Provincial Government.

### 16. Provision for rehabilitation of landfill sites

#### Reconciliation of provision for rehabilitation of landfill sites - 2016

	Opening Balance	Landfill site adjustment	Closing balance
Environmental rehabilitation	41 219 007	(23 322 712)	17 896 295

#### Reconciliation of provision for rehabilitation of landfill sites - 2015

	Opening Balance	Discount rate adjustment	Closing balance
Environmental rehabilitation	40 027 495	1 191 512	41 219 007

The provision for the rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal. A report was compiled for all landfill sites after being inspected by AECOM SA. This report has been compiled in order to assure that the Municipality complies with the minimum requirements as set out in the Department of Water Affairs Minimum requirements for Waste Disposal by Landfill, 1998 and the current National norms and standards for Waste Disposal as published in Government Gazette Notices 634, 635 and 636 of 2013 as well as the National Environment Management Waste Act (Act 59 of 2008).

It is estimated that the landfill site will be rehabilitated in 9 years' time. The estimated future expenditure to rehabilitate the landfill was discounted at annual rate of 10% (which is the Municipality's cost of capital). The rehabilitation cost estimates have significantly reduced compared to the prior year, as the Department of Environmental Affairs has made its requirements clearer as to what it will look for during the application for licences to close and rehabilitate the landfill sites.

The net present value has been calculated in terms of historic and current South African inflation rates.

# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

	2016 R	2015 R
<b>17. Revenue</b>		
Licences and permits	1 885 803	1 727 211
Service charges	136 864 338	126 213 585
Rental of facilities and equipment	610 809	488 600
Other income	60 719 870	1 825 011
Interest revenue	42 876 639	34 375 349
Property rates	30 970 962	27 202 262
Government grants	144 138 426	117 954 233
Fines	18 528 270	27 606 436
	<b>436 595 117</b>	<b>337 392 687</b>
<b>The amount included in revenue arising from exchanges of goods or services are as follows:</b>		
Licence and permits	1 885 803	1 727 211
Service charges	136 864 338	126 213 585
Rental of facilities and equipment	610 809	488 600
Other income	60 719 870	1 825 011
Interest revenue	42 876 639	34 375 349
	<b>242 957 459</b>	<b>164 629 756</b>
<b>The amount included in revenue arising from non-exchange transactions is as follows:</b>		
<b>Taxation revenue</b>		
Property rates	30 970 962	27 202 262
<b>Transfer revenue</b>		
Government grants	144 138 426	117 954 233
Fines	18 528 270	27 606 436
	<b>193 637 658</b>	<b>172 762 931</b>

# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

	2016	2015
	R	R

### 18. Property rates

#### Rates received

All categories	30 970 962	27 202 262
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#### Valuations

Residential	1 070 837 861	1 243 777 324
Commercial	251 250 700	197 302 990
State	94 818 190	95 014 490
Agriculture	1 336 419 732	2 221 694 877
Other	6 646 200	67 518 675
	<b>2 759 972 683</b>	<b>3 825 308 356</b>

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2014. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

Rates are levied on a monthly basis.

Interest is levied on rates outstanding after 30 days at prime interest rate plus 1%.

#### Income foregone

In terms of the Municipal Property Rates Act, Act 6 of 2004 rebates and exemptions from property rates are given.

The following is applicable for the year under review:

Rebates and exemptions from property rates are only given on Residential and Agricultural zones.

Residential	(3 413 853)	(3 680 417)
Agriculture	(58 349)	(62 178)
	<b>(3 472 202)</b>	<b>(3 742 595)</b>

### 19. Service charges

Sale of electricity	48 216 436	47 637 458
Sale of water	45 764 027	38 324 031
Sewerage and sanitation charges	29 086 372	27 356 315
Refuse removal	13 797 503	12 895 781
	<b>136 864 338</b>	<b>126 213 585</b>

### 20. Rental of facilities and equipment

#### Premises

Rental of facilities	610 809	488 600
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# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

	2016 R	2015 R
<b>21. Other income</b>		
Advertising	55 959	12 462
Blocked sewerage fees	1 506	2 842
Building plans fees and copies	120 899	89 140
Cellphone/ telephone refund	4 758	17 157
Cemetery fees	132 332	136 256
Change of circuit breakers	-	918
Clearance certificates	15 055	15 491
Connection fees : electricity	4 325	11 887
Connection fees : sewerage	1 160	1 766
Connection fees : water	2 071	6 547
Contribution to annual bonus	-	328 485
Contribution to leave bonus	136 529	-
Deeds search	648	119
Dividends	1 683	1 111
Encroachment	1 415	1 028
Garden refuse removal	1 734	1 211
Insurance recoveries	225 513	16 242
Reversal of landfill site provision	23 322 711	-
Lost books library	-	185
Meter testing	966	1 095
Photostat fees	7 773	2 537
Poster fees	101 329	55 968
Reconnections: electricity	52 675	61 711
Reconnections: water	8 589	8 293
SETA	362 222	124 384
Sale of inventory:	479 905	194 547
Sales: refuse bins	359	338
Donations received	35 054 852	-
Sales: town maps	-	718
Sales: sand and gravel	-	11 158
Stock surplus	13 911	548 850
Sub division of erven	4 105	1 326
Sundries	317 157	1 207
Supply of information	148 069	112 350
Surplus : cash	34	500
Transfer of erven	135 005	54 599
User fees	4 517	2 276
Valuation certificates	104	307
	<b>60 719 870</b>	<b>1 825 011</b>

## 22. Interest revenue

### Interest revenue

Bank	896 744	785 807
Interest charged on trade and other receivables	41 979 895	33 589 542
	<b>42 876 639</b>	<b>34 375 349</b>

# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

	2016 R	2015 R
<b>23. Government grants and subsidies</b>		
<b>Operating grants</b>		
Equitable Share	91 878 000	85 790 000
Municipal Infrastructure Grant	46 968 907	27 519 642
Dr Kenneth Kaunda District Municipality	292 018	179 122
Finance Management Grant	1 675 000	1 187 930
Municipal Systems Information Grant	930 000	934 000
EPWP	1 000 000	1 508 364
Library Grant	1 394 501	835 175
	<b>144 138 426</b>	<b>117 954 233</b>

### Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

All registered indigents receive a monthly subsidy which is funded from the grant.

Indigent subsidy	3 878 237	1 360 194
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### Municipal Infrastructure Grant

Balance unspent at beginning of year	-	(594 642)
Current-year receipts	(57 367 000)	(26 925 000)
Conditions met - transferred to revenue	46 968 907	27 519 641
<b>Conditions still to be met - transferred to liabilities</b>	<b>(10 398 093)</b>	<b>-</b>

The Municipal Infrastructure Grant complements the equitable share grant for local government, however, it is provided conditionally to municipalities. One of the key objects of the grant is to fully subsidise the capital costs of providing basic services to poor households. This implies that priority must be given to meeting the basic infrastructure needs of poor households, through the provision of appropriate bulk, connector and internal infrastructure in key services. The grant was used by the Municipality to build and develop its infrastructure. The unused funds are committed and remain a liability at financial year end (see Note 15).

### Provincial Government Library Grant

Balance unspent at beginning of year	(572 465)	(957 640)
Current-year receipts	(1 000 000)	(450 000)
Conditions met - transferred to revenue	1 394 502	835 175
<b>Conditions still to be met - transferred to liabilities</b>	<b>(177 963)</b>	<b>(572 465)</b>

The purpose of the grant is to maintain and operate the local library for the benefit of the community. The unused funds are committed and remain a liability at financial year end (see Note 15).

### Finance Management Grant

Balance unspent at beginning of year	(412 070)	-
Current-year receipts	(1 675 000)	(1 600 000)
Conditions met - transferred to revenue	1 675 000	1 187 930
Amount returned to National Treasury during the year	401 000	-
<b>Conditions still to be met - transferred to liabilities</b>	<b>(11 070)</b>	<b>(412 070)</b>

The main purpose of this grant is to assist in the rollout of financial management reforms embodied in the MFMA through building capacity in financial management. Its primary purpose is to assist building strong financial management skills. The grant was utilised by the Municipality for its intended purposes.



# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

	2016	2015
	R	R

### 23. Government grants and subsidies (continued)

#### Dr Kenneth Kaunda District Municipality

Balance unspent at beginning of year	(312333)	(491455)
Conditions met - transferred to revenue	292017	179122
<b>Conditions still to be met - transferred to liabilities</b>	<b>(20316)</b>	<b>(312333)</b>

This grant is received from Dr Kenneth Kaunda District Municipality as part of Inter-Governmental Relations. The grant is based on a business plan submission by the Municipality to the District Municipality. The District Municipality remains the implementing agent and the Municipality is the beneficiary.

#### Municipal Systems Improvement Grant

Current-year receipts	(930 000)	(934 000)
Conditions met - transferred to revenue	930 000	934 000
<b>Conditions still to be met - transferred to liabilities</b>	<b>-</b>	<b>-</b>

The grant is used for infrastructure, capacity building and restructuring. The capacity building and restructuring grants were set up to assist municipalities in developing their planning, budgeting financial management and technical skills. The grant was utilised by the Municipality for its intended purposes. There were no unused funds at the end of the financial year.

#### EPWP Roads

Balance unspent at beginning of year	(1 274 894)	(1 594 257)
Current-year receipts	(1 000 000)	(1 189 001)
Conditions met - transferred to revenue	1 000 000	1 508 364
Amount returned to National Treasury during the year	1 200 000	-
<b>Conditions still to be met - transferred to liabilities</b>	<b>(74 894)</b>	<b>(1 274 894)</b>

The grant is received from the National Department of Public Works for creating job opportunities for unemployed persons and so allowing them economic participation and resulting in poverty alleviation.

### 24. Employee related costs

Employee related costs - Salaries and Wages	36 125 191	35 550 404
Overtime payments	3 210 670	3 388 955
Performance and other bonuses	2 867 162	2 674 812
Employee related costs - Contributions for UIF, pensions and medical aids	12 711 783	10 682 004
Other employee related costs	711 860	888 701
Long-service awards	188 405	323 846
Travel, motor car, accommodation, subsistence and other allowances	3 802 743	2 939 352
Housing benefits and allowances	878 120	229 461
	<b>60 495 934</b>	<b>56 677 535</b>

#### Remuneration of Municipal Manager

Annual Remuneration	865 263	788 150
Car Allowance	485 834	302 736
Contributions to UIF, Medical and Pension Funds	254 106	237 409
	<b>1 605 203</b>	<b>1 328 295</b>

Mr S.J. Lehloenya acted as Municipal Manager from 10 December to 9 January 2015 while the existing Municipal Manager was on leave.  
The acting allowance is included in above.

# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

	2016	2015
	R	R

### 24. Employee related costs (continued)

#### Remuneration of Chief Finance Officer

Annual Remuneration	1 093 045	811 443
Car Allowance	476 678	144 000
Contributions to UIF, Medical and Pension Funds	12 458	11 932
	<b>1 582 181</b>	<b>967 375</b>

The Chief Financial Officer position was vacant from October 2015, Ms TE Moeketsane acted in the position from October 2015 to December 2015. Mr MJ Molefe acted in the position from February 2016 to June 2016. The acting allowance is included in the above.

#### Remuneration of executive directors

##### Remuneration of Individual Executive Directors

###### 2016

	Technical Services	Corporate Services	Community Services
Annual Remuneration	553 847	632 151	320 504
Travel, motor car, accommodation, subsidies and other allowances	60 000	503 670	-
Contributions to UIF, Medical and Pension Funds	3 831	12 017	-
	<b>617 678</b>	<b>1 147 838</b>	<b>320 504</b>

The Director Technical Services position was vacant since September 2015, Mr N Mwase acted in the position from September 2015 to June 2016. The acting allowance is included above.

The Director Community Services position was vacant since July 2015. Mr K.J Leseisane acted in the position from July 2015 to June 2016. The acting allowance is included above.

##### Remuneration of Individual Executive Directors

###### 2015

Annual Remuneration	839 134	619 495	81 928
Travel, motor car, accommodation, subsidies and other allowances	178 032	467 010	-
Contributions to UIF, Medical and Pension Funds	11 417	11 607	-
	<b>1 028 583</b>	<b>1 098 112</b>	<b>81 928</b>

The Director Technical Services was appointed in January 2014. The Director Corporate Services was appointed in January 2014. Mr B.V Sebekedi acted as Director Community Services for the month of August 2014 till November 2014.

There was no acting Director for Community Services during the remaining period. The acting allowance is included above.

### 25. Remuneration of councillors

Mayor	422 179	422 746
Speaker	364 514	347 686
Executive Committee Members	1 124 372	1 058 992
Councillors	2 414 019	2 266 208
Councillors' pension and medical aid contributions	719 152	652 938
Councillors' allowances	2 119 640	2 018 809
	<b>7 163 876</b>	<b>6 767 379</b>

# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

	2016 R	2015 R
<b>26. Depreciation and amortisation</b>		
Property, plant and equipment	41 679 091	55 654 750
<b>27. Finance costs</b>		
Trade and other payables	2 091 939	6 688 027
Discounting of landfill site provision	-	1 191 512
Bank	-	3 542
Borrowings	2 287 554	2 410 325
Interest expense on employee benefit obligation	2 234 000	2 323 892
	<b>6 613 493</b>	<b>12 617 298</b>
<b>28. Debt impairment</b>		
Contributions to debt impairment provision	60 227 466	63 689 746
<b>29. Bulk purchases</b>		
Electricity	41 641 233	34 692 832
Water	47 732 730	43 906 364
	<b>89 373 963</b>	<b>78 599 196</b>
<b>30. Contracted services</b>		
IT Licenses	2 455 349	1 686 861
TMT	2 693 387	2 744 298
Insurance	1 018 987	1 201 114
	<b>6 167 723</b>	<b>5 632 273</b>

# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

	2016 R	2015 R
<b>31. General expenses</b>		
Advertising	150 197	278 791
Aid allowance and grants	1 259 000	1 101 250
Auditors remuneration	2 771 644	1 931 046
Bank charges	244 057	505 569
Cleaning	65 819	35 267
Commission paid	1 203 124	120 057
Community development and training	13 464	10 995
Consulting and professional fees	12 818 670	6 251 113
Contribution to annual bonus	3 506 209	(3 253 961)
Contributions to leave and bonuses	-	584 933
Deed notices	58 449	25 095
Departmental consumption	2 239 005	1 648 904
Dustbins	219	-
Entertainment	144 749	184 015
Fuel and oil	1 811 558	1 554 606
Hosting of meetings	-	24 451
Indigent relief	4 126 918	1 360 194
Internal transfers	2 124 268	845 204
Internet services	60 101	30 021
Legal fees	3 433 716	1 558 066
Library grant - social	40 797	24 000
License fees	148 667	148 848
MPRA : Phase-in and rebates	4 320 187	3 803 545
Mayoral projects	1 573 300	929 756
Membership fees	761 820	769 846
Postage	17 129	38 483
Printing and stationery	994 751	841 392
Refuse	-	8 000
SETA	192 420	-
Security costs	881 393	895 602
Skills development levies	551 411	521 732
Stock shortage	5 114	110 841
Stocks and material	41 402	20 523
Subscription and publication	57 399	31 769
Sundries	328 205	4 322
Telephone	1 934 966	1 569 175
Town planning scheme	712 964	106 200
Training	1 083 651	191 396
Travel and subsistence	1 457 600	880 603
Uniforms	150 180	294 558
	<b>51 284 523</b>	<b>25 986 207</b>
<b>32. Auditors' remuneration</b>		
Fees	2 771 644	1 931 046

# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

	2016 R	2015 R
<b>33. Cash generated from operations</b>		
Surplus	94 824 112	10 789 373
<b>Adjustments for:</b>		
Depreciation and amortisation	41 679 091	55 654 750
Loss on disposal of assets	305 940	535 389
Increase/(decrease) in employee benefit obligation	4 913 686	(2 113 441)
(Decrease)/increase in provisions	(23 322 712)	1 191 512
Donation in kind	(35 054 852)	-
Prior period adjustments	(57 897 278)	(47 074 056)
<b>Changes in working capital:</b>		
Trade and other receivables from exchange transactions	(2 865 110)	(5 883 179)
Other receivables from non-exchange transactions	(9 897 903)	(7 290 177)
Inventories	617 094	(732 792)
Trade and other payables from exchange transactions	18 942 602	24 255 750
VAT	(5 534 810)	2 708 517
Unspent conditional grants and receipts	8 110 573	(1 066 231)
Consumer deposits	102 954	(60 729)
	<b>34 923 387</b>	<b>30 914 686</b>

# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

	2016 R	2015 R
<b>34. Commitments</b>		
<b>Commitments in respect of capital expenditure</b>		
<b>Approved and contracted for</b>		
• Infrastructure	4 489 310	15 649 979
<b>This expenditure will be financed from</b>		
• MIG	4 489 310	15 649 979
<b>Approved and not contracted for</b>		
Infrastructure	26 925 000	26 167 001
<b>Operating leases - Municipality as lessee</b>		
<b>Operating Leases : Office equipment</b>	<b>Minimum lease payments</b>	<b>Straight-lined value of minimum lease payments</b>
<b>30 June 2016</b>		
Within one year	681 067	675 578
Within two to five years	101 039	101 039
Less : Amount due for settlement within 12 months (Current portion)	(681 067)	(675 578)
	<b>101 039</b>	<b>101 039</b>
<b>30 June 2015</b>		
Within one year	916 053	914 473
Within two to five years	526 088	520 599
Less : Amount due for settlement within 12 months (current portion)	(916 053)	(914 473)
	<b>526 088</b>	<b>520 599</b>

The average lease term is 3-5 years.

Interest rates are either fixed or variable at the contract date.

All leases have fixed or variable repayments and in certain instances contingent rent is payable, as per stipulations in the lease agreements.

The annual escalation rate varies between 10% to 15%.

The Municipality's obligation under operating leases is secured by the lessor's charge over the leased assets.

The Municipality did not default on any of the interest or capital repayment of the operating leases.

All risks and rewards of ownership remain with the lessor upon expiry of the lease and there is no option to purchase the leased assets.

There is no restriction imposed on the lease arrangements.

# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

	2016	2015
	R	R

### 34. Commitments (continued)

#### Operating leases - Municipality as lessor

##### Operating leases : Land and buildings

	Minimum lease receipts	Straight-lined value of
30 June 2016		
Within one year	400 798	371 731
Within two years to five years	212 522	195 752
Less : Amount due for receipt within 12 months (current portion)	(400 798)	(371 731)
	<b>212 523</b>	<b>195 752</b>

#### 30 June 2015

Within one year	386 853	369 521
Within two years to five years	282 852	246 014
Less : Amount due for receipt within 12 months (current portion)	(386 853)	(369 521)
	<b>282 852</b>	<b>246 014</b>

The average lease term is 3-15 years and the average effective borrowing rate is 10%.

Interest rates are either fixed or variable at the contract date.

All leases have fixed or variable repayments and in certain instances contingent rent is payable, as per stipulations in the lease agreements.

The Municipality monitors rental payments and institutes debt control where needed. No terms and conditions of the leases were re-negotiated.

All risks and rewards of ownership remain with the lessor upon expiry of the lease and there is no option to purchase the leased assets.

### 35. Contingencies

#### Contingent liabilities

##### Year under review claims

Mr C. Wenum - The Municipality's former CFO had his contract terminated and the matter is currently at the Labour Court for review - (Claim: R1 356 940).

Mr M. Besani - The contract of the Municipality's former Director: Engineering Services was terminated and the matter is currently at the Labour Court for review - (Claim: R1 537 744).

Mr D. Struwig - The claim of R8 924.11 relates to the damage to his vehicle by a pothole in Leeudoringstad.

Mr M. Manele - The claim of R63 800.92 relates to the damage to his wall fence and the matter is currently with the attorneys.

Mr R. Ali - The claim of R18 043.00 relates to the damages to his vehicles by potholes.

Mr B.S. Mooi and Mr L.J. Matsogo - The claim of R100 000.00 the matter is currently with the attorneys.

##### Previous year's claims

Councillor D.K Mohadi – House and contents burnt during service delivery protests – (R339 640.00) ( August 2014).

Mr G.S Schutte – Theft of border fence by community members – (R45 083.00) (September 2014).

Mr M. Mmoledi – Municipal truck reversed into his car – (R1 368.00) (September 2014).

Mr Medupe - Municipal employee who wanted to enforce arbitration award (R70 000).

B.Molofi - Disputed appointment of another person in the Position of Public Safety matter - matter is at labour court for review (R200 000).

# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

	2016	2015
	R	R

### 36. Related parties

#### Section 57 Managers

No remuneration was paid to family members of Section 57 Managers.

#### Members of Council:

No remuneration was paid to family member of the council.

All councillors and employees have disclosed their interest in related parties and no one has the ability to control or exercise significant influence over council in making financial and operating decisions.

#### District Municipality:

Maquassi Hills Local Municipality is related to Dr Kenneth Kaunda District Municipality. Transactions with the District Municipality and balances owing by Maquassi Hills Local Municipality are disclosed below.

#### Related party transaction

Dr Kenneth Kaunda District Municipality donated palisade fencing to the value of R146 466 to the Municipality during the year under review. This was recognised as revenue in the Statement of Financial Performance and as additions to property, plant and equipment in the Statement of Financial Position.

#### Related party balance

The amount owed relates to the loan the Municipality has with the District Municipality. The terms of this loan are disclosed in note 12.

Loan owing to the related party - Dr Kenneth Kaunda District Municipality

Total liability	744 849	496 539
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### 37. Comparative figures

Where necessary, comparative figures have been restated for prior period error adjustments (refer to Note 46) and /or reclassified to conform to changes in presentation in the current year.



# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

	2016	2015
	R	R

### 38. Risk management

#### Liquidity risk

The Municipality's risk to liquidity is a result of the funds available to cover future commitments. The Municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the Municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	2016	2015
Payables from exchange transactions	150 421 442	131 478 841
Short term portion on long term liabilities	5 811 462	5 585 596
Bank overdraft	3 638 646	2 432 684
	<b>159 871 550</b>	<b>139 497 121</b>

#### Credit risk

Credit risk is the risk of financial loss to the Municipality if customers or counterparties to financial instruments fail to meet their contractual obligations.

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The Municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end are noted under the respective financial assets - investments, trade and other receivables and cash and cash equivalents.

These balances represent the maximum exposure to credit risk:

	2016	2015
Cash and cash equivalent	7 584 079	16 105 649
Short term investment deposits	757 225	732 318
Trade and other receivables from exchange and non-exchange transactions	56 853 103	44 090 089

#### Market risk

##### Interest rate risk

Deposits and overdue consumer debtors attract interest at a rate that vary with prime. The Municipality's policy is to manage interest rate risk so that fluctuations in variable rates does not have a material impact on surplus/deficit.

# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

	2016	2015
	R	R

### 39. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the Municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the Accounting Officer continues to procure funding for the ongoing operations for the Municipality and raise and collect revenue for services rendered.

The Municipality's liquidity ratios are shown below. Cash / cost coverage ratio indicates the Municipality's ability to meet at least its monthly fixed operating commitments from cash and short-term investment without collecting any additional revenue, during that month. The ratio is adjusted for unspent conditional grants as the cash is not available for normal Municipal day-to-day operational expenditure but rather reserved for grant related expenditure.

The current ratio assesses the Municipality's ability to pay back its short-term liabilities (debt and payables) with its short-term assets (cash, inventory, receivables):

	2016	2015
Cash/cost coverage ratio (in months)	-0.2	0.4
Current ratio	0.47	0.43

### Measures to address going concern issues

The municipality has solicited services of the debt collection and credit control companies to ensure that collection rate of the municipality is brought to an acceptable level in line with Circular 71 of the National Treasury.

Strict measures will be enforced on all debtors who default on their accounts, this will be done in line with Council Policy on Debt Collection and Credit Control as well as measures that will be enforced by service providers as appointed by council to assist in this regard. It is envisaged that this measures will assist in improving the collection rate of the municipality. For long term, the National Treasury will also be approached to assist the municipality with the development of a Financial Recovery Plan to assist the municipality to deal with all other matters relating revenue as well as capacity within the Budget and Treasury Office.

### 40. Events after the reporting date

There are no material events after the reporting date.

### 41. Unauthorised expenditure

Opening balance	368 403 193	337 224 850
Current year unauthorised	40 034 602	31 178 343
<b>Total unauthorised expenditure</b>	<b>408 437 795</b>	<b>368 403 193</b>

### 42. Fruitless and wasteful expenditure

Opening balance	4 869 768	1 992 409
Interest and penalties on late payment of creditors	2 351 520	2 877 359
Fruitless and wasteful expenditure condoned during the year	(4 190 736)	-
<b>Fruitless and wasteful expenditure awaiting condonement</b>	<b>3 030 552</b>	<b>4 869 768</b>

Comparative figures have been restated, fruitless and wasteful expenditure awaiting for condonement previously reported amounted to R29 913 273 and the restated expenditure have been restated to R4 869 768.

# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

	2016	2015
	R	R
<b>43. Irregular expenditure</b>		
Opening balance	153 688 179	116 306 109
Bid documents not submitted/ No contracts in place	4 480 798	8 186 664
SCM and Tender processes not followed	12 669 073	29 195 406
<b>Irregular expenditure awaiting ratification and condonement</b>	<b>170 838 050</b>	<b>153 688 179</b>

Comparative figures have been restated, irregular expenditure awaiting for ratification and condonement previously reported amounted to R98 313 168 and the restated expenditure have been restated to R153 688 179.

### 44. In-kind donations and assistance

In-kind donations and assistance:

- The firm JBFE was appointed by Provincial Treasury to perform the unbundling of the infrastructure assets.
- National and Provincial Treasury appointed a team to assist the Municipal finance staff.
- Dr Kenneth Kaunda District Municipality donated palisade fencing to the value of R146 466 to the Municipality.
- Provincial Government assisted with the installation of bulk and internal water for Oersonskraal and Boskuil to the value of R34 908 386.

### 45. Additional disclosure in terms of Municipal Finance Management Act

#### Contributions to organised local government

Current year subscription	711 040	582 159
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#### Skills development levy

Current year subscription / fee	551 411	518 431
Amount paid - current year	(551 411)	(518 431)
	-	-

#### Audit fees

Opening balance	3 716 522	1 785 476
Current year audit fee (excl. VAT)	2 771 644	1 931 046
Amount paid - current year (Excl. VAT)	(3 996 435)	-
	<b>2 491 731</b>	<b>3 716 522</b>

#### PAYE and UIF

Current year payroll deductions and council contributions	9 139 810	8 267 333
Amount paid - current year	(9 139 810)	(8 267 333)
	-	-

#### Pension and Medical Aid Deductions

Current year payroll deductions and council contributions	14 722 877	13 199 172
Amount paid - current year	(14 722 877)	(13 199 172)
	-	-

#### VAT

VAT receivable	24 452 921	18 918 111
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The Municipality is on the payment basis for VAT and submit monthly returns.

# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

	2016	2015
	R	R

### 45. Additional disclosure in terms of Municipal Finance Management Act (continued)

All VAT returns have been submitted by the due date throughout the year.

#### Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding at 30 June 2016:

	Balance
30 June 2016	
G V Kgabi	596
K G Mojela	6 022
M S Sejeso	19 969
K S Seakane	43 142
M D Matete	1 259
A K Mogapi	302
N L Tshingilane	242
N W Ntiane	269
	<b>71 801</b>

	Balance
30 June 2015	
G V Kgabi	2 622
K G Mojela	7 358
D K Mohadi	6 755
M D Serectsi	29 694
M E Motaung	20 429
M S Sejeso	1 371
K S Seakane	66 682
O H Batsietseng	170
O H Pheipher	3 233
	<b>138 314</b>

#### Deviation from supply chain management regulations

Paragraph 12(1) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of written/verbal quotations, formal written quotations and a competitive bidding process, depending on the specified threshold values.

Paragraph 36 of the above mentioned gazette also provides that the Accounting Officer may dispense with the official procurement process in certain circumstances provided that he/she records the reasons for any deviations, reports them to the next meeting of the Council and include as a note to the financial statements.

Various items were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12 (1) as stated above. The reasons for the deviations were documented and reported to the Accounting Officer who considered them and subsequently approved the deviations from the normal supply chain management regulation. Deviations for quarters 1 to 3 were reported Council.

The reasons for the deviations were mainly due to emergency cases and sole/single suppliers.

From a total expenditure of R341 771 005 deviations were R1 404 469 being 0.41% of the total expenditure. Deviations to the value of R892 288 (relating to quarter 4) had not yet been reported to Council at year end.

# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

	2016	2015
	R	R

### 46. Prior period errors

The correction of the error(s) results in adjustments as follows:

#### Statement of financial position

##### Trade and other receivables from non-exchange transactions

Balance previously reported	23 147 438
Increase in operating lease accrual 2014/2015	53 661
Decrease in other receivables 2014/2015	(14 465)
Increase in operating lease accrual 2014/2015	(15 080)
Decrease in operating lease accrual 2013/2014	(103 068)
<b>Restated balance</b>	<b>23 068 486</b>

##### VAT receivables

Balance previously reported	18 709 529
Increase in expenditure and accruals 2014/2015	201 450
Decrease in expenditure and accruals 2014/2015	(553)
Increase in levies and receivables 2014/2015	(6 590)
Decrease in levies and receivables 2014/2015	1 852
Increase in expenditure and accruals 2013/2014	1 387
Decrease in levies and receivables 2013/2014	11 036
<b>Restated balance</b>	<b>18 918 111</b>

The increase in VAT receivables is attributed mainly to accruals in the 2014/2015 financial year which had to be raised under trade and other payables as a result of payments being made in the 2015/2016 financial year, however, the services were rendered or goods were received in the prior periods. These expenses were never accounted for in the prior periods, therefore expenditure as well as accruals were also restated due to the effect of understatement in prior periods.

The decrease in VAT receivables in the 2014/2015 financial year arose as a result of VAT not being in error on income earned.

##### Trade and other payables from exchange transactions

Balance previously reported	121 030 873
Increase in telephone expense 2014/2015	59 731
Increase in security 2014/2015	1 085
Increase in legal fees 2014/2015	127 867
Increase in general expenses 2014/2015	243 096
Increase in repairs and maintenance 2014/2015	15 369
Increase in repairs and maintenance 2014/2015	3 237
Increase in consulting and professional fees 2014/2015	185 991
Increase in printing and stationery 2014/2015	1 397
Increase in bulk purchases 2014/2015	8 685 314
Increase in printing and stationery 2014/2015	76 800
Increase in repairs and maintenance 2014/2015	966
Increase in general expenses 2014/2015	34 433
Increase in lease expense 2014/2015	61 492
Decrease in cleaning 2014/2015	(4 506)
Increase in personnel 2014/2015	9 057
Increase in legal fees 2013/2014	1 048 586
Increase in security 2013/2014	6 333
Increase in repairs and maintenance 2013/2014	4 958
Increase in cemetery fees 2013/2014	(113 238)
<b>Restated balance</b>	<b>131 478 841</b>

In the current year, payments were made which related to expenditure in prior periods. However, this expenditure was never included in the prior periods as accruals.

# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

	2016	2015
	R	R

### 46. Prior period errors (continued)

#### Investment Property

Balance previously reported	37 445 871
Fair value adjustment 2013/2014	30 503 527
Fair value adjustment	(1 457 398)
<b>Restated balance</b>	<b>66 492 000</b>

The prior period balance was restated to correct the prior period fair value.

#### Property, plant and equipment at cost

Balance previously reported	1 489 196 903
Correction of prior period 2014/2015	116 649 319
<b>Restated balance</b>	<b>1 605 846 222</b>

#### Property, plant and equipment - accumulated depreciation

Balance previously reported	672 793 860
Correction of prior period error 2014/2015	47 287 217
<b>Restated balance</b>	<b>720 081 077</b>

The property, plant and equipment prior year was restated due to the correction on additions and other correction of other errors identified in the current year.

### Statement of Financial Performance

#### Rental of facilities and equipment

Amount previously reported	454 758
Increase in rental of facilities and equipment 2014/2015	47 070
Decrease in rental of facilities and equipment 2014/2015	(13 228)
<b>Restated amount</b>	<b>488 600</b>

Levies not recognised in 2014/2015.

#### General expenses

Amount previously reported	25 369 479
Correction of bank charges expense 2014/2015	14 465
Correction of cleaning expenses 2014/2015	251
Correction of consulting and professional fees 2014/2015	163 150
Correction of entertainment expenses 2014/2015	19 600
Correction of fuel and oil 2014/2015	136 338
Correction of legal expenses 2014/2015	127 867
Correction of printing and stationery expenses 2014/2015	68 594
Correction of security expenses 2014/2015	952
Correction of subscription and publication expenses 2014/2015	3 385
Correction of telephone expenses 2014/2015	52 506
Correction of contribution to annual bonus 2014/2015	9 057
Reclassification of insurance recoveries 2014/2015	16 241
Reclassification to sundry expenses in 2014/2015	4 322
<b>Restated amount</b>	<b>25 986 207</b>

Accruals not raised in 2014/2015.

# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

	2016 R	2015 R
<b>46. Prior period errors (continued)</b>		
<b>Property rates</b>		
Amount previously reported		27 200 707
Increase in rates 2014/2015		1 555
<b>Restated amount</b>		<b>27 202 262</b>
<b>Service charges</b>		
Amount previously reported		121 578 293
Increase in sale of water 2014/2015		2 220 927
Increase in sewerage and sanitation charges 2014/2015		1 594 845
Increase in refuse removal charge 2014/2015		819 520
<b>Restated amount</b>		<b>126 213 585</b>
Service charges not recognised in 2014/2015.		
<b>Contracted services</b>		
Amount previously reported		5 577 173
Increase in contracted services 2014/2015		55 100
<b>Restated amount</b>		<b>5 632 273</b>
Accruals not raised for contracted services in 2014/2015.		
<b>Bulk purchases</b>		
Amount previously reported		70 052 605
Increase in bulk purchases - electricity 2014/2015		8 546 591
<b>Restated amount</b>		<b>78 599 196</b>
Accruals not raised for all bulk purchases 2014/2015.		
<b>Revenue forgone</b>		
Amount previously reported		-
Revenue forgone on sale of water 2014/2015		2 220 927
Revenue forgone on sewerage and sanitation charges 2014/2015		1 594 845
Revenue forgone on refuse removal charge 2014/2015		819 520
Revenue forgone on rates 2014/2015		1 555
		<b>4 636 847</b>
Income forgone on service charges not recognised in 2014/2015.		
<b>Fair value adjustment - Investment property</b>		
Amount previously reported		1 457 398
Decrease in fair value 2014/2015		(1 457 398)
<b>Restated amount</b>		<b>-</b>
Fair value adjustment correction in 2014/2015.		
<b>Repairs and maintenance</b>		
Amount previously reported 2014/2015		11 720 749
Increase in repairs and maintenance		117 041
<b>Restated amount</b>		<b>11 837 790</b>
Accruals not raised for repairs and maintenance costs in 2014/2015.		

# Maquassi Hills Local Municipality

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

	2016 R	2015 R
<b>46. Prior period errors (continued)</b>		
<b>Depreciation</b>		
Amounts previously reported		48 087 045
Increase in depreciation of immovable assets in 2014/2015		7 319 947
<b>Restated amount</b>		<b>55 406 992</b>

### Statement of Changes in Net Assets

#### Effect of prior period adjustment on accumulated surplus

Balance previously reported	692 711 022
Increase in property, plant and equipment	69 362 103
Increase in trade and other payables from exchange transactions	(10 447 968)
Increase in VAT receivables	208 582
Increase in investment property	29 046 129
Decrease in trade and other receivables from	(78 953)
<b>Restated balance at 30 June 2016</b>	<b>780 800 915</b>

### Notes to the Financial Statements

#### Fruitless and wasteful expenditure

Amount previously disclosed	29 913 273
Correction to fruitless and wasteful expenditure	(25 043 505)
<b>Restated amount</b>	<b>4 869 768</b>

#### Irregular expenditure

Amount previously disclosed	98 313 168
Correction to irregular expenditure	55 375 011
<b>Restated amount</b>	<b>153 688 179</b>

### 47. Distribution losses

#### Electricity losses

Electricity units (kWh) purchased from Eskom	49 247 500	42 424 054
Electricity units (kWh) sold to consumers	(44 512 410)	(41 263 539)
	<b>4 735 090</b>	<b>1 160 515</b>

Electricity losses for the financial year is 9.61% (2015: 2.73%). The Rand value of the electricity losses for the current financial year is R3 099 495 (2015: R115 112).

The losses are attributable to electricity line losses within the electricity network infrastructure.

#### Water losses

Water (KL) purchased	5 395 906	5 524 373
Water (KL) sold to consumers	(2 379 281)	(2 249 859)
	<b>3 016 625</b>	<b>3 274 514</b>

Water losses for the financial year is 55.91% (2015:59.27%). The Rand value of water losses for the current year is R40 211 611 (2015: R40 407 503).

The selling price rate per kilolitre for the current year is R13.33 (2015: R12.34)



## Appendix A (1)

### Actual versus Budget (Revenue and Expenditure) for the year ended 30 June 2016

Revenue	Current year 2016				Explanation of Significant Variances greater than 10% versus Budget
	Act. Bal.	Adjusted Budget	Variance	Variance	
	Rand	Rand	Rand	%	
Licences and permits	1 885 803	9 704 000	-7 818 197	-80.6%	The budgeted amount includes the amount collected of the Traffic Department. The amount recognised in the financial statement is
Property rates	30 970 962	30 813 000	157 962	0.5%	In line with the budget
Service charges	136 864 338	119 229 000	17 635 338	14.8%	Services charges were under budgeted. The Eskom new tariffs were also implemented after the budget was finalised
Rental of facilities and equipment	610 809	369 000	241 809	65.5%	This revenue is insignificant in relation to other items of revenue
Fines	18 528 270	7 521 000	11 007 270	146.4%	New Traffic Chief was appointed, which has an increase in fines issued
Other income	60 719 870	5 921 000	54 798 870	925.5%	Included in other income is the derecognition of a portion of the landfill site provision no longer required and fixed assets donated by the district and provincial government.
Government grants	144 138 426	125 652 000	18 486 426	14.7%	An additional MIG grant of R30 million was received

Interest received	42 876 639	39 840 000	3 036 639	7.6%	The budget was increased from R32 million to R39 million, however it was still insufficient due to increase in debtors
<b>Total Revenue</b>	<b>436 595 117</b>	<b>339 049 000</b>	<b>97 546 117</b>	<b>28.8%</b>	

## Appendix A (2)

### Actual versus Budget (Revenue and Expenditure) for the year ended 30 June 2016

Expenses	Current year 2016				Explanation of Significant Variances greater than 10% versus Budget
	Act. Bal.	Adjusted budget	Variance		
	Rand	Rand	Rand	Var	
Personnel	-65 769 338	-68 675 000	2 905 662	-4%	Though in line with the budget, vacancies for employees who passed way were
Remuneration of councillors	-7 163 876	-7 240 000	76 124	-1%	In line with the budget
Depreciation and amortisation	-41 679 091	-34 758 000	-6 921 091	20%	Prior period adjustments were made to property, plant and equipment
Finance costs	-6 613 493	-2 267 000	-4 346 493	192%	Variance arises due to unbudgeted interest costs on the valuation of defined
Debt impairment	-60 227 466	-74 495 000	14 267 534	-19%	employee benefit obligation and interest charged on late creditor payments Trade receivables has increased during the year resulting I a higher movement
Repairs and maintenance - General	-13 466 460	-12 845 000	-621 460	0%	In line with the budget
Bulk purchases	-89 373 963	-73 000 000	-16 373 963	22%	Demand for electricity increased due to new extentions and townships, this had
Contracted services	-6 167 723	-17 780 000	11 612 277	-65%	been not budgeted for. Furthermore Eskom implemented tariff The Municipality did not spend as per the budget because of cash flow
General expenses	-51 284 523	-39 538 000	-11 746 523	30%	challenges and diversion of funds to accomodate high operational costs Variance mainly attributable to increase in indigent relief; legal costs; consulting
					fees; BCX, valuation roll, TMT; forensic investigations and commission for sales of electricity
Total expenditure	-341 745 933	-330 598 000	-11 147 933	3	

#### Other revenue and costs

Gain or loss on disposal of assets and liabilities	-25 072	-	-25 072	0%	
Fair value adjustments	-	-	-	0%	
<b>Total other revenue and costs</b>	<b>-25 072</b>	<b>-</b>	<b>-25 072</b>	<b>0%</b>	

Net surplus/ (deficit) for the year	94 824 112	8 451 000	86 373 112	1022%
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## Appendix B (1)

### Original versus Adjusted Budget (Revenue and Expenditure) for the year ended 30 June 2016

Revenue	Current year 2016				Explanation of Significant Variances greater than 10% versus Budget
	Original Budget	Adjusted Budget	Variance	Variance	
	Rand	Rand	Rand	%	
Licences and permits	13 820 000	9 704 000	-4 116 000	-29.8%	The adjustment was based on a pro-rata to the actual movement of accumulated to date
Property rates	31 160 000	30 813 000	-347 000	-1.1%	Variance insignificant as it is less than 10%
Service charges	167 993 000	119 229 000	-48 764 000	-29.0%	The municipality was declared a drought area and this had adverse impact on revenue
Rental of facilities and equipment	468 000	369 000	-99 000	-21.2%	Amount in relation to total revenue is insignificant
Fines	17 002 000	7 521 000	-9 481 000	-55.8%	Traffic department experienced fleet challenges for some time which resulted in fewer fines issued and a decision was thus taken to adjust the budget downwards to allow for a more realistic budget
Other income	561 000	5 921 000	5 360 000	955.4%	The increase was as a result of implementation of revenue enhancement strategy

Government grants	123 300 000	125 652 000	2 352 000	1.9%	Variance insignificant as it is less than 10%
Interest received	33 132 000	39 840 000	6 708 000	20.2%	The increase was as a result of implementation of revenue enhancement strategy
<b>Total Revenue</b>	<b>387 436 000</b>	<b>339 049 000</b>	<b>-48 387 000</b>	<b>-12.5%</b>	

## Appendix B (2)

### Original versus Adjusted Budget (Revenue and Expenditure) for the year ended 30 June 2016

Expenses	Current year 2016				Explanation of Significant Variances greater than 10% versus Budget
	Original Budget	Adjusted budget	Variance		
	Rand	Rand	Rand	Var	
Personnel	-71 635 000	-68 675 000	2 960 000	-4%	Variance insignificant as it is less than 10%
Remuneration of councillors	-6 797 000	-7 240 000	-443 000	7%	Variance insignificant as it is less than 10%
Depreciation and amortisation	-34 758 000	-34 758 000	-	0%	No variance
Finance costs	-3 578 000	-2 267 000	1 311 000	-37%	The adjusted budget amount was a result of the recalculations made based on the annual equivalent of the actual expenditure incurred to date
Debt impairment	-94 545 000	-74 495 000	20 050 000	-21%	The recalculation was based on the collection rate of the municipality as well as the implemented revenue enhancement strategy
Repairs and maintenance - General	-	-12 845 000	-12 845 000	100%	Section 28(f) of MFMA, correcting errors on the original budget
Bulk purchases	-78 743 000	-73 000 000	5 743 000	-7%	A downward adjustment was made on bulk water purchases after a drought was declared

Contracted services	-12 248 000	-17 780 000	-5 532 000	45%	The adjustment was made upon appointment of consultants to assist with debt collections
General expenses	-41 038 000	-39 538 000	1 500 000	-4%	Variance insignificant as it is less than 10%
<b>Total expenditure</b>	<b>-343 342 000</b>	<b>-330 598 000</b>	<b>12 744 000</b>	<b>-4%</b>	

#### Other revenue and costs

Gain or loss on disposal of assets and liabilities	-	-	-	0%	
Fair value adjustments	-	-	-	0%	
<b>Total other revenue and costs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>	

<b>Net surplus/ (deficit) for the year</b>	<b>44 094 000</b>	<b>8 451 000</b>	<b>-35 643 000</b>	<b>-81%</b>
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Notes :